

Current History



THE MONTHLY MAGAZINE OF WORLD AFFAIRS

American Farm Policy

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Coming Next Month

Issues of the 1956 Elections *October, 1956*

In a presidential election year, it is important to understand the historical background and the current importance of the major election issues. In our October issue we shall feature seven articles to provide information for our readers.

Edward L. Katzenbach, Jr., who is now Director of the Defense Studies Program at Harvard University, will analyze the political issues involved in armaments and defense spending.

Gilbert Fite, Chairman of the History Department at the University of Oklahoma, will discuss the political implications of the farm issue.

The issue of public power will be outlined by *William Leuchtenberg*, Associate Professor in the History Department at Columbia University.

Beft Collier of the *Miami Herald* will report on the political implications of desegregation for Democrats and for Republicans.

The nation's economic condition gives rise to the political issues of prosperity—is it real? and taxes—can they be cut?

Seymour Harris, Professor of Economics at Harvard University, will clarify these issues for us.

The role of labor in the 1956 elections will be described by *Monroe Berkowitz*, Associate Professor of Economics at Rutgers University.

Foreign policy and particularly foreign aid as political issues will be studied by *Norman Graebner*, Associate Professor of History at Iowa State College.

Extra copies of this issue may be reserved now for classroom use at our special reduced rates.

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"There is no question that landed proprietorship makes for conservatism and moderation but if such a system is maintained at the expense of progressive change, stability may be secured at the cost of stagnation.

"... In any case there can be no economic or social justification for seeking to keep the old time farm from going the way of the shop, the mill, the tin peddler, the general store and the one-room school.

"With the farmer established in such a coordinate position as a modern businessman his social and political standing will be assured."

The Role of the Farmer in American Life

BY EARLE D. ROSS

Professor of History, Iowa State College

THE economic, political and social foundations of the nation were laid by sturdy, independent farmers. The determining attraction to the British colonies was the acquisition of a freehold; all other motives were strictly subordinate. Well over nine-tenths of the population was engaged directly in cultivating the soil and the remainder was dependent upon it. The main source and evidence of wealth was land. Leaders in business and society were the great landed aristocracy. But outside of the Hudson baronies and the tidewater plantations an independent yeomanry prevailed and the yeoman influence was felt increasingly in the shaping of colonial policies.

The aggressive spirit of colonists and immigrants and the abundance of natural resources made wholly impracticable either servile revivals or Old World peasantry.

In the reforms of the Revolution, transplanted feudal survivals in tenures—always under attack—went the way of mercantilist trade restrictions. At the same time, diffusion of ownership was promoted by the

breaking up of the large Loyalist estates and by the creation of the initial increment of the public domain.

In the relatively unspecialized and individualist economy of the first half dozen decades of the federal republic, with its steadily extending boundaries, agricultural interests continued to dominate the scene, economically, socially and politically. Leadership in every line of endeavor invariably had rural origin. From Benjamin Franklin to Theodore Roosevelt no key publicist was city born. Presidents invariably were of rural backgrounds and the great majority had landed estates. Northern squire vied with southern planter for social and political recognition.

As in the colonies, more frequently than not, merchants and manufacturers continued to have land investments. In any case cultivation and husbandry—the basic occupation, with the somewhat grudgingly recognized commerce "as its handmaid"—was indigenous and prevalent. Other undertakings, of secondary importance, had to make their way.

"When tillage begins," said Daniel Webster, "other arts follow."

Such New World realities gave plausibility to the physiocratic theories of the Old, as adapted to American ways and conditions by champions like Franklin, Jefferson and John Taylor. To the abstract economic doctrine the American disciples joined an agrarian assumption of diffused ownership. To Jefferson, not any type of proprietorship, but the "small landholders" were "the most precious part of the state."

With the multiplying of such holders by the settlement of the successive frontiers and the growing assertiveness of eastern laborers, the old "patrician" ideology and direction gave way more and more to a practical egalitarianism, symbolized by the term Jacksonianism.

FRONTIER TRADITIONS

The obviously unique opportunity for disseminated landholding which the era of cheap land offered, especially in the Middle West, has led to traditional assumptions that are not only antiquated but in some cases exaggerated or fallacious.

A lingering "agricultural fundamentalism" is predicated on a static economy and ignores the prime objective of a balanced national economy. Growing out of this traditional view has been the zeal for new farming enterprises as good in themselves—the "happy home" philosophy. Such a glorification of proprietorship and disregard of prudential investment belong to an age of primitive exploitation.

But, in essence, the tradition found favor with the first Roosevelt and James Wilson, his "canny" secretary of agriculture. Even in these times we have the spectacle of lawmakers who with one hand would do something to remove the surplus and with the other would add to it by new reclamation projects.

While in our folklore such terms as frontier and homestead have come to have a magical connotation, pioneering was a most exacting selective process. The famed agricultural ladder was to be climbed only by the capable and persistent. And, it should

be remembered, there were other ladders of increasing attractiveness.

The myth of rugged individualism applies to the farmer as to other members of the economy. The frontiersman, the exemplar of self-sufficiency at its ruggedist, was intolerant of restraint or direction. Like his current eulogists, he objected to any effort of the government to do anything to him; but like neo-individualists he wanted the same authority to do plenty for him. He sought not only cheap, or preferably free, land in convenient amounts and desired location but credit to finance his enterprise, aid for the extension of transportation, and varied public works and services, including education at all levels.

At no time did agricultural assurance go unchallenged by industrial and mercantile interests, and by the 1850's urban centered business was fast gaining on the rural.

Alert spokesmen sought to arouse a too complacent constituency to the need for improved techniques and business methods and for public aid to these ends. Small beginnings were made consonant with the moderate tempo of the period. Popular societies functioning through exhibitional fairs became general; pioneer journals and manuals reached a select number of readers; and initial projects in agricultural schools and colleges were undertaken with modest state support. Federal efforts in these years were confined to a rather informal fact finding service in the Patent Office.

A direct conflict between rural and urban interests in this decade was postponed by the incompleteness of both the industrial and organizational "revolutions" and the growing cleavage between the two main divisions of agricultural interests—the free-soil "North" and the plantation "South".

The agrarian opportunity, as it existed in the Northwest, was challenged by an economic and social aristocracy that definitely subordinated the majority of proprietors—the yeoman farmers. Even so the two economies might have continued to do business in an exchange of mutual advantage had there not been a common pride that seemed essential to the future of both.

As an agricultural issue, the sectional rivalry and resulting civil strife involved the

labor status of the remaining territories which, so far as geographical limitations permitted, would become either plantations or homesteads. Considering the unavailability of most of the area involved for either normal planting or farming, the internecine conflict seems doubly tragic. But both sides in an expansionist and exploitive age were eager to undertake the agronomic venture, and the political influence of the future was a vital consideration.

With war and secession a free-soil program, hitherto blocked by planters super-sensitive to regional security, was readily enacted. The provisions for a separate department, homestead grants, and subsidies for state A. and M. colleges were basic and of great potentiality for future development.

Far more direct, in the enactments of the war, were the gains to the rising industries and utilities in high tariffs, a system of national banking, and imperial acreage to railroad corporations.

The Civil War intensified and accelerated the trend toward industrial and corporate dominance of national business. The effect on agriculture had been both destructive and disruptive. In the South, in addition to physical destruction, the plantation system itself was swept away with the confiscation of the capital investment in labor and in the currency and securities of the Confederacy.

In the North production had been over-extended, rotations disorganized and debts contracted on inflated values. Following the losses and ruin of deflation involving a major panic, there followed a quarter century of falling prices in which the farmer by reason of the peculiar conditions of his business was at especial disadvantage. With the continuing unfavorable situation of the occupation as a whole culminating in the depression of the 1890's, there were areas of particularly acute distress in the share-cropper South and the drought and pest-plagued Far West.

Basic as the inequality in relative return was, it was not the only evidence of disparity. Farmers had constant reminder that their social standing as a class was far below what it had been in former generations, and their political influence was clearly on the wane.

Such was the background of the "agrarian

crusade" from the 1870's through the 1890's—the farmers' inexperienced and rather desperate experiments in seeking the equivalent for combined action of other interests.

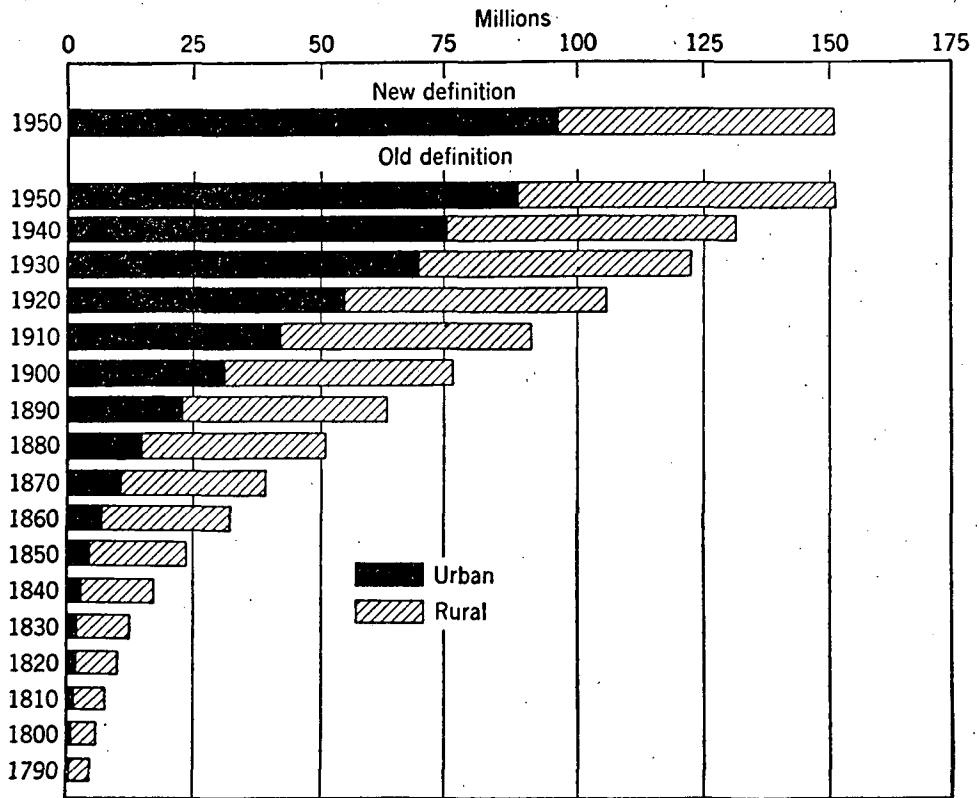
The most positive achievements of this first stage of organized effort were in furthering education and research and in extending the powers and functions of the Department of Agriculture. Training for technical efficiency and leadership was furthered by consolidated schools, the regular and special courses of the agricultural colleges, and farmers' institutes and the beginning of systematized extension. Experiment stations and the Department provided information for instruction and for direct use on the farm.

In these investigations the business and institutional phases of farm and home began to have recognition. Farm management and marketing evolved as an applied branch of economics, and the findings of the Country Life Commission provided case studies for a sociology of rural life. The federal department gained administrative stature through regulatory powers that helped to bring standardization and security to the farm.

Negatively the experiences demonstrated the inanity of proposed panaceas and cures for economic ills and the futility of trying to crosscut essential functions of the business system. No less emphatically shown was the ineffectiveness under our party system of political organization on a class basis, either independently or in union with labor. Later ventures profited to some extent—though not nearly as much as they might—from these exploratory trials and errors.

A couple of decades of recovery and relative stability were followed again by the over-stimulation and disorganization of war and depression with recurring inflationary booms and collapses on a scale beyond all past experience. The artificially forced demands for certain commodities took no thought of balanced, conserving production or of prudent long-time investment. At the same time inflated values created a false sense of prosperity. With productive efficiency increasing more rapidly than consumer demands the problem of the surplus, in both acute and chronic phases, arose.

The Great Depression brought a reverse movement in the traditional ladder with



—Ronald L. Mighell, *American Agriculture*. By permission of John Wiley & Sons.

URBAN AND RURAL POPULATION 1790 TO 1950

many owners slipping to tenancy or to precarious labor status. Ironically, an age of transforming technology experienced reversions to primitive self-sufficiency with consequent lowering of living standards. Such an unprecedented disorganization and prostration of rural economy led to serious predictions by leading social scientists that the prevailing status of the cultivator would be that of a dependent peasantry. This defeatist conclusion assumed that small enterprise would remain the norm and that the business trend in all other lines toward capitalistic consolidation would not apply in this realm.

The recovery, "New Deal" program for agriculture sought to restore a coordinate, parity status for the farmer by public support and regulation rather than by individual initiative. (The administrative discretion of representative local committees was strictly limited by federal directives.) The completed design as formulated by

1939 sought to provide for all the varied contingencies of farm and home.

Certain of the measures, most notably enlarged projects of research and education, more adequate and adaptable credit, and appropriate aids to promote and facilitate marketing, have proven justifiably salutary. But schemes to stabilize income by artificial public guarantee and support rather than by essential aid to efficient production and distribution belong to opportunistic political expediency rather than to sound political economy. This axiomatic conclusion for all stages of modern capitalism has an especial pertinence for the present technological regime.

The full impact of technological change, long retarded by lack of adequate and adaptable power, has come to the farm only in the last quarter century. The catalytic factors were the adapted internal combustion engine and rural electrification. Subsequently, the

applications of science—mechanical, genetical, biological, and chemical (and, less adequately, corresponding managerial and organizational adjustments)—have made the progressive farmer a substantial businessman. As such his inputs and outputs have increased enormously over the typical earlier enterprise.

The risks have grown proportionately. He belongs to general servicing organizations, such as the modernized Grange and the Farm Bureau, which include vigorous and alert lobbies, and to commodity associations, which seek, to varying degrees, to control and standardize the output of their product and promote efficiency in its marketing.

The inevitable result of these technical and business transformations has been a steady decrease in the number of commercial farms (42 per cent in the past two decades) and a gradual increase in the size of the average undertaking.

Even so, in the judgment of competent observers, the reduction is not proceeding fast enough. Well over one-half of the remaining producers, with inadequate resources, have incomes so low as to involve a permanent sub-standard existence. Thus aid to enable these "surplus farmers" to secure more profitable employment would be for their own good as well as for that of the general economy. By reason of the age-long encouragement of land ownership there would seem to be a special obligation to promote by credit extension or otherwise this policy of "homesteads in reverse." Certainly such a policy would be much more promising than the indefinite subsidizing of inefficient production and management.

The practice of widely diffused small land holdings has been much lauded for its conserving and stabilizing influence as a safeguard against radical social and political innovation. There is no question that landed proprietorship makes for conservatism and moderation; but if such a system is maintained at the expense of progressive change, stability may be secured at the cost of stagnation.

The passing of the "old home place," especially as it exists in nostalgic memory, may

be the occasion of deep regret, but the pleasanter aspects of rural life without the hardships and inconveniences may be experienced on the modern farmstead and by an increasing number of "rurbanites" who may combine the advantages of both environments. In any case there can be no economic or social justification for seeking to keep the old-time farm from going the way of the shop, the mill, the tin peddler, the general store and the one-room school.

The scientific, capitalized farm enterprise will of necessity retain many of the peculiarities of rural life and labor. There will still be a variety of sizes and types of farms depending on the products and environing conditions. Family units assuredly will persist, adjusted to changing organization and techniques. Corporate enterprises, both horizontal and vertical, will seek large-scale units, while chains will look for smaller units under common management.

With the full commercialization and essential consolidation of farm enterprises, the relative importance of the interest will no doubt increase relatively through the essential place of the farm output in what a leading agricultural economist and administrator has termed "agribusiness," which embraces all the merchandising and processing operations that utilize the products of cultivation and husbandry. With the farmer established in such a coordinated position as a modern businessman his social and political standing will be assured.

Earle D. Ross is a veteran student and teacher of agricultural history. His special interests have been the biography of rural leaders and the history of agricultural institutions. In addition to numerous articles in historical, economic, and educational journals he has written these books: The Liberal Republican Movement; Democracy's College; History of Iowa State College; History of Iowa Agriculture. He is joint editor of Readings in the History of American Agriculture.

"... Unless some means can be found of de-inventing the internal combustion engine, hybrid corn, hard surfaced roads, the high tension line, DDT, and all of the things they suggest, and also of dissolving the agricultural experiment stations and all of their research projects, there is little reason to believe that the family units will continue indefinitely to be the most acceptable form of economic organization for the production of beef or cotton or fruit or milk or peanuts."

The Changing Nature of the American Farm

BY VERNON CARSTENSEN

Professor of History and Agricultural Economics, University of Wisconsin

NOTHING has been so typical of American agriculture as change in the years that have passed since Squanto, the first "county agent," taught the somber English of Plymouth colony how to plant corn. It is now three and a half centuries since the first Englishmen lodged themselves precariously at Jamestown, Plymouth, and other points along the coast. They brought with them the seeds, the tools, the animals and the superstitions of their homeland and they borrowed from the American Indian his plants, notably tobacco and corn, his tools and methods of tillage, and some of his superstitions. From this combination came a type of farming that was neither European nor Indian—a hybrid agriculture, it might be called, for certainly it would show the explosive vigor that so often characterized the hybrid.

The most conspicuous feature of American

agriculture during the first three centuries was no doubt the gradually increasing tempo of farm making in the New World and the enormous amount of wild land made into farms. During the last century and a half changes in farm machinery and technology have been an equally striking feature.

During the early years of European occupation of American land, settlement crept slowly inland. It took the transplanted Europeans almost a century and a half to reach and cross the Appalachian Mountains. But after the Revolution they swarmed into the Ohio Valley and into the old Southwest. By 1820, enough settlers had moved into the lands across the Mississippi to warrant creating the state of Missouri. Within another three decades the outriders of American settlement had crossed the plains and mountains to the deep, rich valleys of Oregon and California; and during the 1840's and 1850's, the followers of Brigham Young were making farms by irrigating the arid wastes of the great Salt Lake Basin.

The ensuing years witnessed the filling in of the empty spaces so that by the end of the nineteenth century most of the easily used lands were occupied and already Americans had turned to irrigate the arid lands and to drain the swamplands. The Census Bureau counted farms for the first time in 1850 and reported 1.449 million. So vast and

Vernon Carstensen's principal interest is in the field of history. Since 1952 he has held the position of editor of *Agricultural History*, a distinguished and scholarly journal. For the 1956-1957 academic year, Mr. Carstensen will be visiting professor of American history at the University of Stockholm.

rapid was the settlement during the next half century that by 1900 the number had reached 5.737 million. The number continued to increase until 1935 when it reached 6.812 million. Thereafter the number of farms declined to 5.3 million in 1950, and is probably below five million at the present time.

For protection and convenience the first settlers built villages roughly resembling those they had known at home. A few pallisaded settlements from which the people would go forth in the morning to their fields were planted as far west as Kentucky, but for many reasons the American settler came to want to live on his own piece of land—often it was the only way of holding a land claim against other settlers. Thus scattered and isolated farms came to be the rule even during colonial times long before the settlers reached the Appalachian Mountains.

The establishment of a national survey system in 1785, under which the land was marked out into townships six miles square, each with 6 one-mile square sections, tended to emphasize this dispersed settlement. It also helped create what seems to have become the firmly held nineteenth and twentieth century notion that the American farm should be a family farm of one quarter of a section. The rectangular survey fixed an enduring pattern on the land from Ohio to the West Coast. All western states except Kentucky, Tennessee and Texas came under the national land survey. The straight lines of the surveys defied topography and hence contributed substantially to the difficulties of present day soil conservationists.

The vast and accelerating expansion of the nineteenth century forced farmers in the older, settled regions to meet competition from the newer areas, particularly after the 1820's when canals and then railroads opened the eastern and even world markets to the new producers. Often this meant that farmers in the older regions must turn to producing something else. For example, the wheat raisers of the Connecticut Valley, of Pennsylvania, and the great valley of Virginia felt the impact of western competition when the farmers from west of the Appalachians began to undersell them. And in their turn the farmers of western New York State and

Ohio had to shift to something else when the newer farms further west undersold them.

Thus throughout the nineteenth century, during the period of rapid expansion, the farmers of the various regions were faced with the necessity of readjusting their farm operations to changing circumstances. In some areas the possibilities were narrowly limited. In the hill country of New England and New York state, for example, the successful farm making in the Ohio Valley and areas farther west spelled disaster which, before the end of the nineteenth century, was reflected in numberless abandoned farms in these older areas.

ADVANCING TECHNOLOGY

The enormous expansion of farming and the extensive regional readjustments of the nineteenth century were accompanied by an advancing farm technology and changes in the work of the farm itself. Improved transportation coupled with the growing urban population of the United States and Europe induced the concentration, generally in urban centers, of some tasks that had earlier been performed on the farm or in the rural community. Thus the slaughter and curing of meat, the canning and drying of fruits and vegetables, the grinding of cereals for flour, the distilling and brewing of liquors, the tanning and fabrication of leather, the making of farm tools and machinery, and a host of other functions once performed largely on the farm came to be done in urban centers and afforded the basis for large industries.

The rise of these industries relieved the farmer and his family of the drudgery of home manufacture. This was not unwelcome. The American farmer since the beginning had sought to become a commercial producer as rapidly and as fully as circumstances permitted. The self-subsistence period of the pioneer, sentimental writers to the contrary notwithstanding, entailed little or nothing the farmer sought to perpetuate.

The shifting emphasis to more extensive commercial farming fixed attention on greater production for market and stimulated interest in machines and methods that would make greater production possible.

Most of the work in farming at the beginning of the nineteenth century was done by human labor with oxen providing power for plowing and a few other heavy tasks. In the following years new machines were invented to transfer as much as possible of the heavy work to animals and mechanical sources of power.

This change is symbolized in the invention of the reaper in the 1830's which because of its moving parts required horses rather than the slow footed oxen. In the 1850's, attempts were made to use the steam engine for plowing and other farm work, but generally the steam engine found its greatest farm use in such work as threshing.

After the Civil War other sources of mechanical power came into use: the windmill began to be used generally after the 1870's; the stationary internal combustion engine appeared in the 1880's and in the next decades its use gradually spread; in the 1890's the automobile powered by a steam or internal combustion engine appeared and after the turn of the century, the motor truck and the tractor.

Around the turn of the century the isolation of the farm families of America was beginning to break up with the establishment of rural free delivery of mail and the construction of the rural telephone systems. Even so the farm of 50 years ago was probably much closer to the colonial farm than to the commercial farm of today. Power for most heavy operations was provided by horses. There might be a stationary engine used for grinding feed or separating milk, and perhaps a windmill for pumping water. But farming still required enormous amounts of hand labor. Hard, unrelenting, endless work was needed to tend the crops and care for the animals. The monotony might be broken by a weekly trip into the nearest trading village to exchange or sell fresh produce.

The patterns varied according to location and the occupation of the farmer. The eastern truck farmer or the milk producer often made a daily trip to town in season, but the western livestock raiser might see the village only once or twice a year. The farmer's children still attended a one-room rural school in which one teacher taught, or tried to teach, all eight grades. The school season

was usually interrupted in spring for ploughing and seeding and in the fall for harvest. But even this was changing. The idea of rural consolidated schools was already finding some supporters.

Moreover, the agricultural colleges were beginning to learn how to make themselves useful. Men of Washington's generation and even earlier had talked and written much about agricultural education but it had taken many years to find a way to translate the idea into something useful. In the 1830's manual labor colleges had been created without much result. In the 1850's the states of Pennsylvania, Michigan and Iowa founded agricultural colleges, and in 1862 the way was opened for all states to found such institutions when Congress adopted the Morrill Act which provided land grants to the states to endow colleges of agriculture and mechanical arts.

But it took time for the administrators of the new colleges to discover what to do and how to do it. With the establishment, in the 1880's, of short courses for farmers' sons and institutes for the farmers themselves, the colleges took the first step toward becoming effective. They had found a way to come directly into contact with the farmers and, to the extent that they had anything to offer, they could now do it. In the first decade of the twentieth century the groundwork was laid for the creation of the office of county agent—an office that could connect every farmer directly to the college of agriculture. Moreover, in the 1880's and 1890's, with state and federal funds, the colleges had begun to move toward the establishment of research programs designed to bring the lessons of science to the farmers. Thus the colleges, the federal Department of Agriculture, and the state departments came to contribute directly toward finding ways of making "two blades of grass grow where one had grown before."

In the twentieth century, particularly during the last two or three decades, technological advance has crowded upon technological advance in wondrous profusion. Until the 1920's horses and mules had continued to furnish the basic power for heavy farm work. By 1910, there were over 24 million horses and mules in the United States; by 1915, 26 million. Thereafter the number began to

decline, reflecting the growing farm use of the tractor and, to a lesser extent, the motor truck. By 1930 the number had declined to 19 million; a decade later to 14 million; and by 1955 the total number of horses and mules stood around 4.5 million, most of which were probably riding horses.

The magnificent work horses of two or three decades ago, the Percherons, the Belgians, the Clydesdales and others, often the fruits of a century or more of careful breeding, have disappeared. In their place are the tractors which first came into use in the first decade of the century, huge, awkward, easily mired and unpredictable contrivances. But by the 1930's they had been transformed into light, powerful, nimble machines. Mounted on rubber tires, equipped with a power takeoff, hydraulic lift and lights, sometimes even a radio, tractors of various sizes in the last 20 years have become the prime source of power on American farms.

By 1953 farmers owned 4.4 million tractors, along with 2.5 million trucks and 4.4 million automobiles. The tractors do more and better work than 26 million horses and mules did four decades ago, but the horse barns with the great hay lofts now stand empty and the millions of acres of land once used for the horses have been turned to other purposes. Motive power for the farms now comes from the oil fields of Texas and elsewhere.

The tractor with its various attachments for pulling, lifting, cutting, and grinding is the symbol of the vast change in farm machines and it underscores the shift on the farms from human and animal to mechanical power. The years that witnessed the displacement of horses also saw other technological advances along a broad front: the hybridizing of plants and animals, advances in soil science, adaptation of new forage and feed plants, great advance in the control of plant and animal diseases, and a host of other changes.

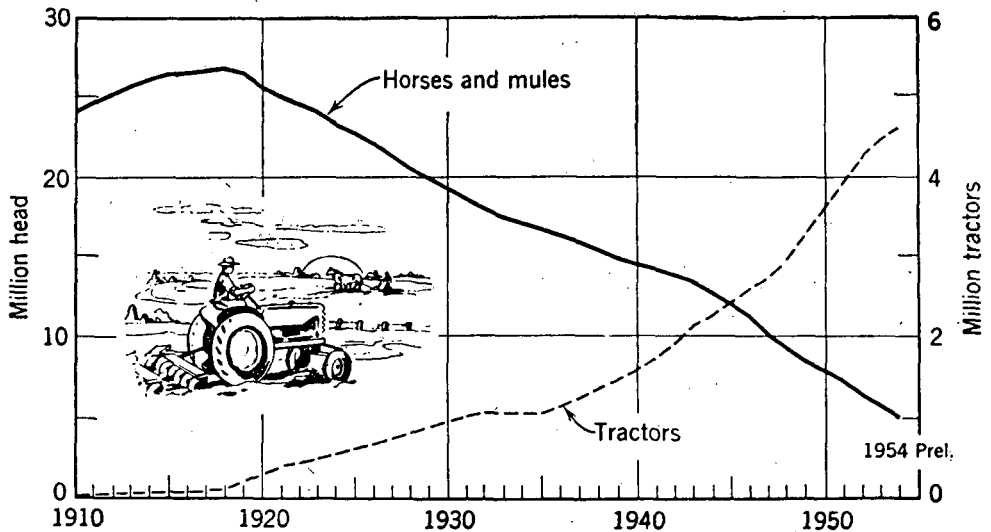
The impact of what might be called this multi-stranded technological revolution has been enormous and its consequences are still far from clear, but several things are already evident. Some farmers for a great many years have been specialists despite the sage advice of farm editors and sedate bankers that far-

mers ought to avoid carrying all of their eggs in one basket. But with the increased cost of machines, and with the high degree of skill and the complex technology necessary in some types of farm production, successful farmers in recent years have tended to concentrate more and more on one or relatively few activities. This, of course, varies greatly from region to region, but the increasing specialization in farming is clear.

Over three-quarters of the head lettuce produced in the United States comes from California and Arizona, most of it from the former. Only a few decades ago many Wisconsin farmers raised a few acres of potatoes for their own use and for sale. But the changes in potato culture of the last 15 years—the problems of getting good seed; the cost of fertilizer, insecticide, harvesting machinery; the problems of sorting and grading, and other considerations—have combined to compel the small producer to give up potato raising even for his own use. Milk delivery in rural areas, where a decade ago each farmer kept cows to provide fresh milk for the family, is not unusual today.

Mechanization, advanced technology, and specialization have naturally encouraged larger operations and hence there is an increasing tendency for commercial farms to become larger in order to make better use of both machinery and the skill of the operator. The 1950 agricultural census revealed a total of 5,379,250 farms. One analysis of these figures showed that 44.3 per cent of these farms produced only 4.4 per cent of the agricultural products sold that year for an average income of \$720 or less, mostly less. In short, over two million of the farms reporting in 1950 could hardly be called commercial farms at all. On the other end of the scale, 1.9 per cent, or 103,231 farms, produced 26 per cent of all farm products sold. The number of crop acres has changed very little since 1920, but the productivity per acre has increased over one-third; the productivity of labor in the same time span has considerably more than doubled. There is no present indication that these trends will be reversed.

The farm home and farm family have also been transferred. Electricity from central power stations has been extended to over 90



—Ronald L. Mighell, *American Agriculture*. By permission of John Wiley & Sons.

HORSES AND MULES, AND TRACTORS ON FARMS, JANUARY 1, 1910 TO 1954

per cent of the farms. Houses and barns and even yards are lighted; and radios are to be found in parlor and barn. A television antenna may perch atop the unused wind-mill tower (water is now pumped by the reliable electric motor) and all the electric appliances of the city are to be found in the farm home or farm building.

Automobiles, hard-surfaced roads and consolidated schools have broken the old isolation beyond recall and the farmer's son is no longer distinguishable from his city cousin.

In 1790, when our first census was taken, the ratio of urban to farm residents was around one to nine; that ratio has now been almost completely reversed. There is almost nothing in the history of the past century or so which suggests that this trend will not continue although there must be some limit beyond which the farm population cannot be reduced.

The family farm has been much admired over the years by aspiring politicians, city editors and others as a repository of special virtues and as the backbone of the Republic. Even today editors and politicians find it difficult to discuss the farm problem without making inordinately respectful statements about the imperative necessity of maintaining the family farm.

Assuredly the family unit has been an

effective and satisfactory way of operating a farm, but it is hard to see the special advantages enjoyed by the families on the two million farms with incomes of less than \$720 a year if the farm is the only source of income. In fact, anyone uninfluenced by the sentimental literature dealing with the virtues of the family farm might be tempted to speak of this group as comprising rural slums.

But that point aside, unless some means can be found of de-inventing the internal combustion engine, hybrid corn, hard-surfaced roads, the high tension power line, DDT, and all of the things they suggest, and also of dissolving the agricultural experiment stations and all of their research projects, there is little reason to believe that the family unit will continue indefinitely to be the most acceptable form of economic organization for the production of beef or cotton or fruit or milk or peanuts.

It may be that the family farm must yield to advancing technology and mechanization and even incorporation just as the individual craftsman yielded at an earlier time. Perhaps it will be done without placing the Republic in jeopardy.

One thing is reasonably certain. Change has been a constant factor in the history of the American farm; there is no reason to suppose this will not continue.

"As the number of federal programs for farmers has increased and as communications have improved, the matter of speaking for farmers has changed from the old fashioned mass movements and protests toward more of a push button approach," declares the author, who points out that this "complicates the answer" to the question he discusses.

Who Speaks for the Farmer?

BY WESLEY McCUNE

Executive Assistant to Secretary of Agriculture Charles F. Brannan, 1948-1952

THE dispute about farm policy is complicated by the divisions among the various farm organizations. Both student and expert are understandably perplexed by the pulling and hauling among spokesmen for farmers. To some extent this is attributable to old fashioned differences of opinion, but it is aggravated by the fact that organizations tend to protect their institutional positions. Out of it all comes the logical question: who speaks for the farmer?

The answer, most simply stated, is that several organizations speak for the farmer at various times, but seldom all the time.

Unlike some other segments of our organized economy, there is no single organization which represents farmers for purposes such as appearing before congressional committees or presenting the picture of agriculture to the public. The average farmer belongs to several organizations, some of which may take opposite stands on specific issues. Typically, he belongs to one of the so-called general organizations, belongs to a cooperative for buying his supplies or selling his com-

modities, and belongs to some special organization, most likely an association of producers of one major commodity, such as livestock, milk or fruit. To complicate things further, these groups may take one position at a local level and quite a different position at the national level.

Space does not permit more than a bare tracing of the origin of the farm organizations.¹ The National Grange (also called the Patrons of Husbandry) rose to prominence out of the battle with railroads and other big business combinations before the turn of the century. The "Granger Movement" is a name used by historians to describe that period of legislative reform and regulation which resulted from the rural uprisings against monopolies.

The National Farmers' Union was organized in 1902 among low income farmers of the Southwest and swept northward to the border. After several historic ups and downs, it has become a staunch defender of family farming and pleader for action programs.

The American Farm Bureau Federation was organized in 1920, largely as a means for implementing the new scheme for employing extension agents in each county to demonstrate and explain better farming methods. In the beginning, part of these county agents' salaries were paid by county Farm Bureaus, and although the legal ties between the Farm Bureau and the Extension Service (headed up in the agricultural colleges) have been broken in nearly every state, there is still a close working relation-

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¹ For further information see *Current History*, June, 1955.

ship between the two groups. Although the youngest of the three groups, Farm Bureau is the largest, partly because it solicits members from nonfarmers along Main Street.

Each of these is a general organization in the sense that it deals across the board with all commodities and all types of farming, but each has its own characteristics.

THREE SPOKESMEN

The Grange is a secret fraternal organization as well, and is known for its operation of Grange Halls in many communities. It also has a Washington lobby, however, and each year adopts resolutions on all agricultural matters. The Grange's center of gravity is now among the eastern states, but it also has influence in the Northwest and some midwestern areas.

The Farm Bureau, which is strongest in the Corn Belt and the South, has developed a highly successful group of cooperative enterprises in such a way that farmers are attracted to membership by the chance to buy insurance, fertilizer, gasoline and other needs at reasonable prices.

The Farmers' Union also has cooperative business subsidiaries, but is smaller in number of members and geographic coverage. It has been concentrated in the Great Plains states, but has moved lately into the Corn Belt and a few eastern areas. Its headquarters is in Denver, Colorado, but it also has an aggressive Washington staff.

These three organizations constantly appear before Congress and in the public eye as spokesmen for farmers. Congressmen have come to listen to all three with great attention, sometimes assessing the greatest merit to the position taken by the group of most importance in their respective congressional districts. Particularly in the debate of the past few years about price supports, Congressmen have been pulled from all directions by the conflicting views of the three groups.

The Farm Bureau advocates lower price supports of the "flexible" or "variable" type, based on a sliding scale which lowers supports when surpluses are high and raises them when stocks are low. The Farmers' Union, with equal vigor, believes that price

supports should be maintained at a high level, embracing the legislative proposal to maintain supports at 90 per cent of parity, and advocating a level of 100 per cent. The National Grange falls somewhere in between. It speaks of the need for moving commodities into the markets, rather than storing them by the government, but it has favored continuing the 90 per cent level until something better comes along. Meanwhile, it urges a "two-price plan" by which farmers would receive the parity price for the amount of their commodities sold in the American market and lower prices for that which is exported.

In 1955, a new organization challenged all three of these old timers. Called the National Farmers Organization (N.F.O.), it has been essentially a protest movement in that it does not propose setting up a national staff or business enterprises and charges only \$1 for membership. During the winter of 1955 it swept spectacularly through a number of Midwestern states, centering in Iowa, and threw its new weight behind high price supports for the basic commodities, as well as for the livestock commodities, which have not really been supported.

While its future remains to be seen, the appearance of N.F.O. on the farm scene has caused leaders of the old-line organizations, thousands of members of which joined N.F.O., to wonder about their functions and directions. There is little doubt that N.F.O. spoke temporarily for the 100,000 farmers who paid \$1 to join it, and that its impact was to step up the demand of the other organizations for government assistance, but it is much too early to measure the degree of this impact.

Part of the confusion about who speaks for the farmer arises from the fact that the Farm Bureau was on the other side of the fence not many years ago. At the beginning of the New Deal, it was the most vigorous advocate of new action programs by the Federal Government, including the Farm Security Administration (now called the Farmers Home Administration), which extended and supervised cheap credit to the smallest farmers; the Agricultural Adjustment Agency (A.A.A.), which extended price

supports in return for reduced production; the Rural Electrification Administration (R.E.A.) and others.

In the beginning of World War II, however, the Farm Bureau started fighting the Democratic Administration on two main fronts. It attacked the Farm Security Administration as socialistic and succeeded in getting Congress to trim its program down to a more conservative basis, and it became a vigorous foe of price ceilings as war-time emergency measures. In the latter battle, it frequently joined with business organizations to cripple O.P.A. and inflation controls. The Grange stood with the Farm Bureau in this battle, although it has not always agreed with its big brother on cutting the amount of help available to the smaller farmers.

The Farmers' Union, during this period, strongly defended the Farm Security Administration and also went along with the necessity for price ceilings and other inflation controls. Just as the Farm Bureau and Grange allied themselves with business groups, the Farmers' Union was allied with organized labor and has continued those friendly relationships.

THE BRANNAN PLAN

In 1949, the splits among the big farm organizations were intensified by the birth of what has become known as the Brannan Plan. The Farm Bureau leaders decided to attack the price support recommendations submitted to Congress by Secretary of Agriculture Charles F. Brannan and conducted a running fight with him during his remaining three years in office. During the course of this dispute, the Farm Bureau frequently asked the question, "Who speaks for the farmers?" quite naturally claiming that it did and implying that Brannan did not.

This was much more than a personality dispute, however. It involved several basic matters of agricultural policy, few of which ever reached the news stories. Chief among these was the system of committees of farmers who are elected annually by secret ballot to conduct the agricultural conservation payments (A.C.P.) program, crop insurance, grain storage and production adjust-

ment programs. At that time they were known as P.M.A. committees, which stands for Production and Marketing Administration, which was the successor of the original Agricultural Adjustment Administration (A.A.A.). The Eisenhower Administration has renamed these Agricultural Stabilization and Conservation (A.S.C.) committees. Secretary Brannan not only headed up the P.M.A. committees as the Secretary of Agriculture, but defended and praised their operations as real democracy in public administration. In this, he was joined by the Farmers' Union.

The Farm Bureau, on the other hand, criticized the role of the P.M.A. committees as conflicting with its own as spokesmen for American farmers. As policy differences over price supports intensified, this breach became wider. Shortly after the Eisenhower Administration took office, in 1953, the farmer-committeemen were taken out of their operational status and made advisory. (They could not be abolished without amending basic legislation.) This met with the approval of the Farm Bureau, but it created animosity among many farmers who had served as committeemen, and it will be several years before the issue can be said to be resolved, if ever.

Similarly, the Farm Bureau has viewed with opposition at the least the existence of several other groups who purport to speak for farmers in other fields. One of these is the National Association of Soil Conservation Districts, with headquarters at League City, Texas. This is composed of the farmers who are elected in voluntary districts to work with the Federal technicians employed by the Soil Conservation Service of the Department of Agriculture in terracing, contouring, draining and otherwise holding down the top soil. The NASCD finds itself frequently at odds also with the Extension Service, whose leaders feel that much of this soil conservation work, if not all of it, properly is regular extension work, headed by the agricultural colleges of the states. Nevertheless, the NASCD has grown since World War II into a thriving, independent organization which speaks regularly for its own members before Congress and in public print.

Another group is the National Rural Electric Cooperative Association, which is composed of the local cooperatives that were organized to receive Federal loans from REA for the purpose of electrifying farms and extending telephone service. This is a tightly knit organization with a vigorous Washington staff which speaks constantly on matters of developing new sources of electric power and of administering the REA program. Partly because it purports to speak for a large membership of farmers and partly because its pro-public power position is not shared by the Farm Bureau, there is frequently friction between these two groups, also.

Among the influential farm organizations are cooperatives. The most powerful of these is the National Council of Farm Cooperatives, with headquarters in Washington. This is ostensibly a trade association, rather than a general farm organization, but its base is so broad that it can be considered something of both. For example, its officers were among the leaders of the fight against price ceilings during World War II, a matter which affected farmers in general much more than it did cooperatives as such. For the most part, however, the Co-op Council, as it is popularly known, deals with marketing, transportation, credit and foreign trade more than it deals with subjects such as price support or electric power.

The Council is composed of many specialized co-ops, such as those marketing almonds, oranges, wool and livestock. These interests frequently conflict, a fact which has contributed to the Council's adoption of a rule of unanimity in its public policy statements. This has sometimes kept the Council from taking forthright positions on controversial subjects like price support, but the Council is a potent pressure group nevertheless. Incidentally, Ezra Benson, now Secretary of Agriculture, was Executive Secretary of the Council during the battles of the World War II period.

A similar organization is the Cooperative League of the U. S. A., which has headquarters in Chicago and maintains a small Washington office. This group includes some cooperatives of farm producers, just as the Council does, but it is primarily con-

cerned with *consumer* cooperatives, which give it both a rural and urban outlook. The Cooperative League frequently speaks out on the liberal side of policy issues, ranging from the Point IV Program to price supports.

OTHER ORGANIZATIONS

A directory of the many other farm organizations would be nearly as thick as this magazine. It would include the youth organizations, the Association of County Agents, the Association of Land-Grant Colleges (state agricultural schools), the National Federation of Grain Cooperatives and the National Wheat Growers Association—just to name a few.

It would also include a number of state or regional groups of importance, such as the Missouri Farmers Association (an unaffiliated general farm organization), the Iowa Farmers Grain Dealers Association, and the Grain Terminal Association in St. Paul.

The longest list would describe special commodity organizations, such as the National Milk Producers Federation, the Fruit and Vegetable Growers, the U. S. Livestock Association and hundreds of others confined to special commodities. A few of these maintain Washington lobbies, but most of them come to the nation's capital only to represent their members on special occasions before Congress or at the Department of Agriculture. Sometimes there are two or more organizations, dealing with a single commodity, which approach their problems from quite different viewpoints.

As a fairly recent development in farm bloc organizations, there have arisen a number of specialized groups which bring farmers together with businessmen in one form or another, such as foundations, councils and institutes. Although these do not necessarily purport to speak for farmers as such, they do purport to speak for "agriculture" and they wield increasing influence in policy matters.

Among these are The Farm Foundation, a Chicago group of businessmen, farm journalists and farm representatives using an endowment to promote agricultural welfare; the Sears Roebuck Foundation, endowed by

the mail order house to grant scholarships to farm youths and to promote rural community improvement; the Foundation for American Agriculture, a combination of big businessmen and conservative farm leaders who preach harmony; the Farm Film Foundation, an overlapping group which distributes films presenting the story of private companies and associations; the National Institute of Animal Agriculture, a collection of businessmen, agriculturalists and professors who advocate more livestock production and consumption; the Agricultural Institute of St. Louis, which is tied in with the Diane Agricultural Service, Inc., a private management and information firm; the National Cotton Council, which includes representatives of farmers and manufacturers; and the Council for Agricultural and Chemurgic Research, another group which brings farm spokesmen and industrialists together, this time to push new uses for farm commodities as a partial substitute for governmental programs. The influence of these groups can be seen from the fact that most of the top officials of the Department

of Agriculture in the present Administration were selected from one or more of them.

As the number of federal programs for farmers has increased and as communications have improved, the matter of speaking for farmers has changed from the old fashioned mass movements and protests toward more of a push button approach. That is, farmers rarely march on Washington, or arrive in large numbers to petition for what they want. Rather, their highly specialized and highly trained organizations watch Washington carefully and send signals to the field for organized pressure.

Simultaneously, some of the fairly new groups, like the foundations and institutes, devote considerable energy to head off adverse legislation or policy fights by employing year round diplomacy, exchanging speakers at their regular meetings and otherwise engaging in public relations.

This trend is not necessarily either good or bad, but it does complicate the answer to "Who speaks for the farmer?"—and that complication is undoubtedly shared by the farmers themselves.



"To secure equity, establish justice and apply the Golden Rule.

"To discourage the credit mortgage system.

"To assist our members in buying and selling.

"To educate the agricultural classes in scientific farming.

"To teach farmers the classification of crops, domestic economy, and marketing methods.

"To systematize methods of production and distribution.

"To eliminate gambling in farm products by Boards of Trade, cotton exchanges, and other speculators.

"To bring farming up to the standard of other industries and businesses.

"To secure and maintain profitable and uniform prices for cotton, grain, livestock, and other products of the farm.

"To strive for harmony and good will among all mankind and brotherly love among ourselves.

"To garner the tears of the distressed, the blood of the martyrs, the laughter of innocent childhood, the sweat of honest labor, and the virtue of a happy home as the brightest jewels known."

From the Constitution of the Farmers' Union.

"For years the contributors to the agricultural folklore of our times have portrayed the farmer as a rugged individualist, the guardian of our liberties and the avowed enemy of government aid. But the evidence seems rather conclusive that few occupational groups have been favored with as much governmental assistance as the agriculturalists and that they also have enjoyed an influence in governmental circles that is in excess of what their numbers warrant."

Government and the Farmer Since World War I

BY THEODORE SALOUTOS

Professor of History, University of California

THE MOST cursory examination of history indicates clearly that if the federal government assumed any responsibility toward the farmer prior to the First World War, it was that of encouraging him to cultivate more land, raise more crops, market more efficiently, and lead a cleaner and healthier life.

Our land policy, as represented by the Homestead Act of 1862, in theory if not in fact, was designed to give the farmers tracts of land capable of supporting them and their families. The Morrill Acts of 1862 and 1890 aimed to encourage the teaching of the agricultural and mechanical arts, with the hope of making the farmers more efficient as producers. Other federal and state measures sought to protect the farmers from railroad discrimination, provide for the irrigation of arid and semi-arid lands, furnish farm-to-market highways, rural free delivery, crop and market information, and numerous other services. Of major importance was the Smith-Lever Act of 1914, which established the agricultural extension service, better known as the county agent system, and permanently

committed the federal government to a program of better farming; and the Federal Farm Loan Act of 1916, which led to the creation of a special system of banking for farmers.

Entry of the United States into the First World War naturally speeded up the demand for raw materials and foodstuffs. Our farmers, in response to pleas that they raise all the food they could, converted marginal and submarginal lands to productive uses. As a result of these and other efforts, grain production increased from 253 to 290 billion pounds; the number of farm animals and poultry from 121 to 140 millions; and meat production from 14.1 to 17.3 billion pounds.

After the Armistice, no government agency was prepared to advise the farmers that the fighting was over and that it would be to their best interests to return to more normal levels of production. Instead, the farmers kept producing as though the war was still being waged and it was their patriotic duty to continue supplying the needs of the United States and ravaged Europe.

The failure or unwillingness of the federal government to draft a program that would help convert the farm economy from a war to a peace-time basis left the farmers free to produce more products than the market could absorb. The nations of war-torn Europe looked to the United States for loans with which to buy food, and the United States obliged them by providing both.

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American producers kept raising crops and farm animals as though the appetite of Europe was insatiable.

That the producers of the warring nations might regain or exceed their prewar production levels was a thought that did not seem to disturb many Americans. Many went deeper into debt, buying land, equipment, machinery and supplies at greatly inflated prices, on the assumption that high farm prices were here to stay.

Then came the unexpected. Beginning with the mid-summer of 1920 prices began falling; and by the end of 1921, the farmers suffered from one of the most serious economic collapses in history. The prices of farm products dropped to lower levels than did the prices of manufactured goods.

The stoppage in government spending, beginning late in 1919, was partly responsible for the downward spiral in farm prices. Government loans to foreign purchasers of American farm products ceased or were drastically curtailed. Producers who were unable to borrow funds to tide them through the price slump blamed the Federal Reserve Board for the rural credit stringency; but there is no reliable evidence to support their charges. Within slightly more than a year's time, the purchasing power of the American people had declined by about one-fourth the national income.

As the depression worsened, an endless stream of proposals was presented in Washington for the relief of the depressed farmers. The measures which received the most attention at first were of the traditional variety, such as the demands for higher tariffs on farm products, more liberal credit facilities, cooperative marketing, loans to finance the sale of surpluses abroad, and the appointment of a committee, to inquire into the causes of the depression.

Meanwhile, others who were greatly influenced by their experiences with various government agencies during the war years were thinking along different lines. Included among them were a few economists, engineers and businessmen who believed that heavy government spending, inflation and some emergency planning might aid distressed groups like the farmers in time of peace.

For years, farm economists in the United States Department of Agriculture had been computing ratios in terms of the prices the farmers received for goods they sold; and the prices they paid for the goods they purchased; and in the process they found some glaring disparities. During periods of rising prices, prices of farm commodities climbed faster than the prices of the "other commodities." Eventually, the prices of the "other commodities" caught up with and even climbed to higher levels than the prices of farm commodities; but when prices declined, the prices of farm commodities dropped faster and to lower levels than the prices of the "other commodities." As a consequence, the purchasing power of the farmers suffered.

FARM PRICE PROBLEMS

In the opinion of some of the experts, the problem of restoring the prosperity of the farmers was chiefly a matter of establishing a better balance between the prices the farmers received and those they paid. And these experts believed that this might be achieved with the aid of the federal government.

The most widely discussed proposal was the McNary-Haugen plan which was embodied in a series of bills bearing the name of its co-sponsors. As originally conceived, the aim of the McNary-Haugen plan was to make the tariff on agricultural products effective, and insure the farmers a "fair exchange value" for their products. Hindsight, however, demonstrated that the most vital principle of the plan was the concept of a "fair exchange value," which later was rechristened as "parity."

The McNary-Haugen plan never became law; but the tireless agitation for the passage of the measure and the prolonged farm depression forced the Coolidge and Hoover administrations to liberalize credit facilities, pass cooperative marketing legislation, enact higher tariffs, and make provisions for surplus controls as a means of relaxing the pressure for more drastic action.

In theory, the Fordney-McCumber Tariff of 1922 and the Smoot-Hawley Tariff of 1930 sought to protect the domestic producers from foreign competition, and maintain a steady purchasing power at home. Passage

of the Capper-Volstead Act in 1922 legalized cooperatives engaged in interstate commerce, and protected them from prosecution under the anti-trust laws of the country. The Co-operative Marketing Act of 1926 further committed the federal government to the principle of cooperative marketing.

Enactment of the Agricultural Marketing Act in 1929 and creation of the Federal Farm Board with a revolving fund of \$500 million witnessed the launching of a federally subsidized farm program which hitherto was unprecedented in farm relief annals. During the Hoover administration millions of dollars were spent to marshal the resources of the nation to combat the depression in agriculture, coordinate the activities of the co-operatives, and engage in stabilization operations that would prevent a further slump in prices.

The Federal Farm Board, besides encouraging the growth of large-scale cooperative marketing associations and the establishment of cotton and grain corporations, suggested that the farmers voluntarily adjust their production to demand. However, the principle of adjusting production to demand never became an official part of the Republican farm program.

Meanwhile, many were reconciling themselves to the expanding role that the federal government was assuming in combatting the depression. Under the provisions of the Agricultural Marketing Act, the government attempted to influence the market and prices far beyond anything that had been attempted by cooperative associations. Federal funds were used to keep commodities off the market that could not be sold at government-sponsored prices. Some surplus commodities were used for purposes of relief, and some in barter negotiations with other countries.

By this time the federal government had moved from the information and advice-giving stage to which it originally had been committed. It was now taking positive action along certain recommended lines. The power to grant or withhold financial aid from organizations and the use of federal funds in the sale of particular commodities, were indeed novel features of government policy. In short, the depression forced the federal government to employ methods and

measures to which the president and his party were opposed in principle.

THE NEW DEAL

Once the New Dealers took office, the powers of the federal government were greatly expanded. The New Deal farm measures were part of a much broader program aimed to help the entire economy. However, New Deal policy-makers were of the belief that special measures had to be adopted to rescue agriculture from the disadvantageous bargaining position into which it had fallen, and elevate it to a status of equality with other sectors of the American economy.

The objective of the first Agricultural Adjustment Act was to restore the purchasing power of the farmers by limiting the production of certain "basic commodities." The A.A.A. sought in this manner to raise the prices of these basic commodities, in the hope that these increases would force the prices of the other commodities to rise also.

Obtaining a parity price was a prime purpose of the A.A.A. A parity price was defined as a price which gave the producer a purchasing power equivalent to the one he was presumed to have enjoyed during the base period, usually from August, 1909, to July, 1914. These years were chosen as the base period because agriculture was presumed to have been "in good balance with the rest of the nation."

Passage of the A.A.A. committed the federal government to practices it had never before engaged in. The government, instead of encouraging the farmers to become more efficient producers and furnishing them with the credit and market facilities to achieve these goals, now assumed the responsibility for raising the purchasing power of the farmers to levels they were supposed to have known from 1909 to 1914.

Production controls comprised the most novel portion of the New Deal farm program, and certainly attracted much of the attention. Earlier agitation for such action had gone unheeded; but 12 long years of sagging prices, declining purchasing power and foreclosures prepared the stage for the adoption of a program seeking to regulate

production by controlling the acreage. During the depression it had become common practice for manufacturers and industrialists to curtail their output and prevent prices from falling to lower levels. And the assumption was that if the industrialists and manufacturers adjusted their production to meet the demand, why should not the farmers attempt to do likewise.

The Farm Credit Administration, another significant phase of the New Deal, offered cheaper and better credit facilities to the producers by combining the functions of the Federal Farm Loan system with those of the Federal Farm Board. The Production Credit Division, the Bank for Cooperatives, crop, feed, emergency and mortgage loans helped round out an elaborate program of farm credit.

The cheap credit program of the New Deal led to a heated debate between those elements who wanted these liberal lending practices expanded and the conservatives who wanted them curtailed. The opponents of cheap credit fought back bitterly, especially after the farm emergency had lifted; they argued that "easy money" would force land values up to inflationary levels, and endanger private lending agencies by concentrating too much power in the hands of a government agency.

Marketing agreements that were intended to eliminate wild price fluctuations were also a part of the comprehensive New Deal farm program. The biggest obstacle to the successful operation of these marketing agreements was that such agreements could be employed effectively only in areas of specialized production, where the product was a great distance from the market.

The second A.A.A., or the Soil Conservation and Domestic Allotment Act, was based on the theory that our land resources were being recklessly exploited, and that it would be to the best interests of the nation to convert them into pasture, woodland or legumes. The great stress on soil conservation came after the drought of 1934, and the numerous problems that confronted the farmers of the stricken areas.

Equally important were the surplus disposal activities of the New Deal. The lending program of the government helped

accumulate large surpluses during the years of great production. Now the problem had become one of directing these commodities into the customary channels of trade without having an adverse effect on prices.

As a consequence, a series of techniques were devised to place food in the hands of those who needed it. Surpluses were converted into by-products, and wherever possible foreign outlets were found. Cotton was used for baling; peanuts were converted into oil; and dried fruits were sent to the preserve factory. The Federal Surplus Commodities Corporation was created to distribute food to people on relief, and wide varieties of foodstuffs found their way into the hands of needy people.

In 1939, the adoption of the food stamp plan made it possible to distribute food through the more normal channels of trade. A person on relief could obtain stamps from the proper agency and use them in purchasing surplus foods that were on the lists of the cooperating merchants. In fact the food stamp plan had become so successful that it was put into operation in various communities across the country.

FOREIGN MARKETS

Eventually the New Dealers had become convinced that it would be impossible for the United States to put its own economic house in order without taking into account what was happening in other parts of the world. By 1937, the nationalist views of the first New Deal administration were yielding to the more international views of the second administration. This shift in thinking found its best expression in the reciprocal trade treaty program of Cordell Hull, the Secretary of State. Secretary Hull believed this program would help unclog the channels of international trade by opening markets for farm products with countries that were willing to enter into such negotiations with the United States.

Other aspects of the government program dealt with the low income and tenant farmer groups. Attempts were made to help improve the lands of those whose lands were in need of such improvements; in some cases farmers were transferred from poor to better

lands; and plans were devised to help these people become self-supporting. In many instances loans, seed, livestock and equipment were provided, depending on the needs and qualifications of the farmers.

New Deal agencies which sought to combat farm tenancy included the Rural Resettlement and Farm Security Administrations. The Bankhead-Jones Tenancy Act authorized aid for sharecroppers, laborers and farm tenants who wanted to become landowners.

In 1935, the Rural Electrification Administration was organized to provide rural communities with electric current. The farmers receiving such current were to pay lower rates than they would ordinarily pay to private companies. As expected, opposition developed against the Rural Electrification Administration which was repeatedly accused of competing with private enterprise and heading toward socialism. Spokesmen of the administration, however, insisted that all the Rural Electrification Administration attempted to do was to provide electric current for farmers in areas that the private utility companies were unwilling or unable to service.

The outbreak of the Second World War witnessed a sharp reversal in the agricultural goals of the federal government. Now, instead of limiting production to raise prices, an attempt was made to accelerate production by assuring the producers of at least parity prices. Once again, the agricultural plant of the nation was shifted into high gear to obtain the maximum output and to satisfy the food and material needs of the allied nations.

Favorable weather and government price supports helped keep production at high levels throughout the war years. Employing 100 as the index for the years 1935 to 1939, the total production for 1940 was 110; for 1941 it was 113; for 1942, 125; for 1943, 129; for 1944, 133; and for 1945, 130. Fortunately, these years of bountiful crops coincided with the years of greatest allied needs.

During these years the price supports of the government were based on the Agricultural Marketing Act of 1938 and the amendments of 1941 and 1942. The basic crops—corn, cotton, wheat, rice, tobacco and peanuts—were supported at 90 per cent of parity.

Poultry, dairy products, peas, beans, soybeans, flaxseed and potatoes were other commodities designated for price supports. But the mounting demand throughout most of this period kept the prices of many commodities above parity levels.

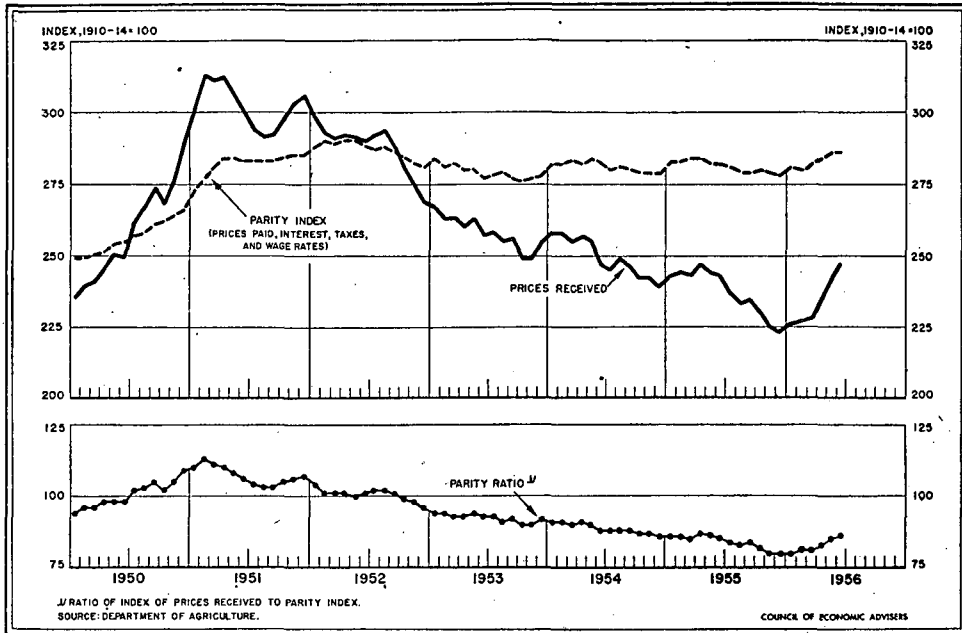
The major difference in government policy after the First and Second World Wars was that after 1945 the federal government assumed a positive and vigorous role in shaping the destiny of the farmer. That such a policy might unreasonably pinch the pockets of consumers and others who paid the resulting high prices, deterred neither administration leaders nor farm organization heads who pressed for such action.

Price supports were retained on the theory that production had to be kept at high levels to satisfy the food needs of the impoverished countries. Prices remained high; and it was not until early 1948, and again early in 1949, that farm prices broke. By December, 1949, the price ratio had dropped to 98, the first time it had fallen below 100 since November, 1941.

THE BRANNAN PLAN

During 1949, the most widely discussed piece of farm legislation was the Brannan Plan proposed by Charles Brannan, the Secretary of Agriculture. This plan aimed to keep farm income high, give consumers the benefit of prices that would seek their own levels, and support farm incomes with subsidies that would adjust any differences between income and prices based on the level of 1939-1948. The Brannan Plan had the blessing of President Truman and the support of the Farmers' Union, but it failed to become law.

Prices began rising steadily after the Korean crisis in 1950. By February, 1951, the prices the farmers received reached an all time high of 313 per cent in terms of 1910-1914 averages. After that, prices went into a steady but continuous decline; until in mid-November of 1955 they reached 225 per cent of the pre-World War I level. Price support losses during 1953 were placed at the modest sum of \$61 million; during 1954 they were \$419 million; and during 1955 they were the largest on record—\$799 million.



—Economic Indicators, July 1956, U. S. Government Printing Office.

PRICES RECEIVED AND PAID BY FARMERS

Nineteen hundred and fifty-four was one of the most important years in the agricultural legislation of the post-war period. The Agricultural Marketing Act of 1954 authorized flexible price supports ranging from 82.5 to 90 per cent of parity, that were to go into effect during 1955. After 1955, supports were to range from 75 to 90 per cent of parity.

AGRICULTURAL EXPORTS

Our agricultural exports reached a post-war low in 1952-1953, but increased during 1953-1954 and 1954-1955. The shrinkage of our foreign market was caused by the reduction in economic aid by the United States Government, the agricultural recovery of many European lands, and the decline in world prices. The partial recovery of our foreign trade that began in 1953 may be attributed to the actions of the federal government, especially after the passage of the

Agricultural Trade Development and Assistance Act of 1954.

The price support program and the politics of agriculture have attracted considerable interest. But there are other important but less spectacular phases of agriculture with which the federal government has long been concerned. These phases include the control of pests and diseases; irrigation, land reclamation and conservation projects; and research, educational and regulatory activities.

For years the contributors to the agricultural folklore of our times have portrayed the farmer as a rugged individualist, the guardian of our liberties, and the avowed enemy of government aid. But the evidence seems rather conclusive that few occupational groups have been favored with as much governmental assistance as the agriculturalists, and that they also have enjoyed an influence in governmental circles that is in excess of what their numbers warrant.



"The importation of the cost-price formula into the alien world of agriculture has not been without difficulties," notes this economist, pointing out that "In the case of the farmer it was not so long ago that the pecuniary economy impinged only on the fringe of his world."

The Price Dilemma in Agriculture

BY IRENE TILL

Former Senior Economist, Federal Trade Commission

THE dilemma in which the farmer currently finds himself is not of his own making. During the war years the American farmer was encouraged to expand his production to feed a large part of the world. Business corporations were also asked to expand their operations. But, for a number of reasons, these corporations managed to secure for themselves such shock-proofing devices as five-year amortization of their war plant facilities, special tax advantages, and highly favorable provisions in the cancellation of war contracts. In striking contrast, the farmers went it alone with no special benefits accruing to them for the inevitable day of reckoning with peacetime realities.

Actually, it was not so long ago that the pecuniary economy impinged only on the fringe of the farmer's world. Cash in the pocket was needed for only a small array of necessities—coffee, sugar, yard goods, shoes, newspaper and magazine subscriptions, taxes. What was not grown on the farm fell within the barter economy; and it was not uncommon for the local physician and minister to be reimbursed in kind.

Today the farmer has moved increasingly into the money economy, and the pace will not slacken. Farm mechanization has meant cash outlays for tractors, machine repairs

and gasoline in place of old Nelly who was refueled by products grown on the farm. The increased use of fertilizer, lime and pesticides means a steady drain upon cash.

Thus the farmer has been driven inexorably from the familiar into an unfamiliar world. He has been forced into an ever increased consideration of his cash intake as compared with that of other groups in our society, and of ways and means of getting a fairer share for himself.

For the farmer, there can be no reliance upon the inexorable working of the classical laws of supply and demand. Indeed the whole scheme runs in reverse. If farm prices fall, the farmer's only recourse is to plant more acres to maintain his small cash income. If prices rise, he has a little more money for the social amenities of life. Taken as a whole, the year to year variations in the total production of farm commodities are very small. As a rule, the total volume of farm output rises with the population curve.

Nor is the situation ameliorated by the habits of consumers. In wheat, for example, domestic consumption has remained unchanged for the last 50 years—fixed in the neighborhood of 500 million bushels. The farm price of wheat has risen as high as \$3.00 and fallen as low as \$.30 a bushel without affecting consumption. One reason is, of course, that a \$.20 loaf of bread contains \$.03 worth of wheat; and a major drop or rise in the price of wheat will have an infinitesimal effect upon the retail price of bread.

The same situation is true of cotton. A cotton shirt retailing at \$3.00 includes a

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15 per cent cost (roughly \$.45) for the raw cotton which it contains. A marked rise or fall in the price of cotton will have little effect on the retail price or on consumer purchases.

This price indifference holds for the per capita consumption of all foods combined. Our national average of food consumption in this country is about 1,500 pounds per capita. In terms of calories we consumed about 3,530 per capita per day in 1909, 3,470 in 1929, and but slightly less in 1949. No great variation can be expected for 1969. Thus there can be no correlation of lowered prices with increased demand.

Indeed the reverse is the fact. Between 1929 and 1932 per capita food consumption declined about 5 per cent. During this period farm prices had tumbled, but city jobs had also disappeared. During the war years of the early 1940's, food prices rose and per capita food consumption increased by only 7 per cent. This was a period of prosperity when the entire economy was booming.

In the light of continuing prosperity, farmers now face a serious impasse. Large surpluses loom everywhere as a constant menace to the price structure. Even more serious is the enormous potential capacity to produce—a capacity which is the direct result of the rapid growth in the agricultural arts and in machine technology.

The machine process has had a revolutionary impact on the technology of American farming, but its influence has not stopped there. The ways of thinking and business practices of the modern industrial corporation have made halting but insistent inroads on the older and more settled patterns of thought of the agricultural economy.

COSTS AND PRICES

One of the most important of these conceptual migrations is the cost formula for price. In its simplest expression, the management of a factory keeps track of all the cash outlays for raw materials, labor and other direct expenses necessary to production; reasonable allowances are set aside for depreciation, officials' salaries, administrative expenses and other overhead.

Upon this assemblage of costs is added a profit margin—again no more than reasonable—and the deed is done. A price has been arrived at, and the product moves to market. Actual fact, of course, does not accord with this neat theory, but it makes pleasant contemplation.

The importation of the cost-price formula into the alien world of agriculture has not been without difficulties. If accountancy experts can have a battle royal over what costs properly enter into a public utilities' rate base, it can easily be imagined what possibilities lurk in the realm of agriculture.

Does the farmer assess his services at varying fees dependent on the differing kinds of work performed? How does he handle the labor charges for the significant contributions of his wife and children? What prices should be set down for the produce which moves directly from his garden to the table? How should joint costs be allocated among such multiple purpose instruments as barns, tractors, auto trucks and the like? What about depreciation on buildings and equipment, and depletion of the soil?

The difficulty is, of course, that the farmer lives in both a pecuniary and non-pecuniary economy: his way of making a living is not separated from his family life. For centuries farmers have plowed and planted and harvested, and sold their produce in the market at what prices they could get. Their farms have been their homes and their places of work.

The individual farmer has simultaneously played a variety of roles—as owner of the properties, investor, manager, technician, skilled laborer and unskilled. The produce of the farm has been the source of much of the bounty on the family table, and the children have supplied a substantial share of the requisite labor.

A city dweller may budget his expenditures within the limits of his take-home pay, but he would find it unthinkable to assess in cost accounting terms the daily operations within his family household. The same situation is true of a sizeable proportion of the activities of the farm. To reduce the operations of a farm into precise statistics for cost accounting purposes demands a

large degree of hypothetics and a firm faith in the magic of numbers.

The problem would be a bit simpler if all farms were operations of a sizeable magnitude. The farm operator would then be placed in a role analagous to that of the manager of a business corporation, and the labor supply would be composed of "hired hands." In 1954 there were only 134,000 large farms with average gross sales exceeding \$25,000 annually. These large farms accounted for less than three per cent of the total of approximately 4.7 million farms throughout the country. Another 10 per cent of the total represented farms whose average gross sales ranged between \$10,000 and \$25,000. By far the bulk—almost 50 per cent—fell within the range \$1,200 to \$10,000.¹

Clearly, the vast majority of the nation's farms are still basically family operations. And even with the group of largest farms, the average gross sales for 1950—the latest year available—was \$56,000, and only five regular workers were, on the average, hired per farm. As the United States Department of Agriculture says with commendable restraint, these facts "hardly portend factories in the field."

Among business corporations it is a common practice to count the number of bankruptcies within a specific industry to assess the state of its health. This does not work out well when applied to agriculture, where farms can continue in existence for years though, by any system of conventional cost accounting, they should long ago have been extinguished by bankruptcy.

But even with so inapplicable a test, the trend is apparent. Between 1950 and 1954, the number of farms in this country declined by approximately 600,000; and this decline was general for every state in the Union with the exception of Florida. There are now fewer farms than at any time since 1890. Many farms have simply been abandoned; the bulk, however, appear to have been merged with others to accentuate the trend toward fewer and larger farms.

As a better index of the farmer's plight,

another device has been employed. Because of the difficulties inherent in any effort to secure unit costs on the vast array of farm products, a simpler approach has been tried. This has been a comparison of the farmer's capital investment with his annual net farm income; and to give added drama, calculations have been made of his net hourly wage.

FARM STATISTICS

Because of the great variety of operations, the Department of Agriculture has compiled sample data by type of farm and geographical location.² For example, the statistics on commercial, family-operated dairy farms cover three separate areas—central Northeast, eastern Wisconsin and western Wisconsin. For 1955, the latest year available, the dairy farms examined in these regions earned approximately \$3,000 against a capital investment averaging around \$25,000. The net hourly wage was \$.81 in central Northeast; \$.30 in eastern Wisconsin; \$.35 in western Wisconsin.

Variations over the country were striking. The highest investment and highest returns were represented by cotton farms in the irrigated High Plains area of Texas. Here capital investment averaged \$86,000; net income was \$8,500 for 1955, and the average hourly wage was \$1.77. In exactly the same area, on non-irrigated farms where investment was halved, the average hourly wage was \$.39.

In southern Piedmont, where cotton farms are small and capital investment averages \$15,000, net farm incomes were below \$2,200 and the average hourly wage was \$.51. In the Black Prairie area of Texas, the average hourly wage was \$.30. But in the Mississippi Delta, cotton farms with a capital investment of less than a third of that in the Black Prairie enjoyed average hourly wages of nearly \$.54.

On the basis of these calculations, some farmers earned less than zero as an hourly wage for 1955. Sheep ranches in the Northern Plains showed capital investments of

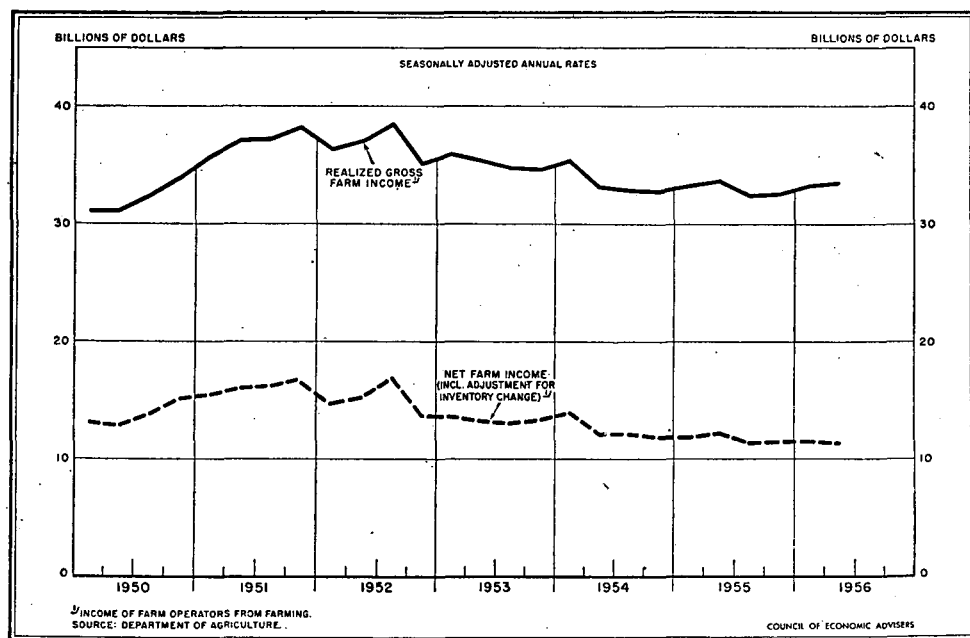
¹ The remainder were part time and residential farms with gross sales of less than \$2,000. U. S. Dept. of Agriculture, Agricultural Marketing Service, "Agricultural Situation," Mar., 1956, Vol. 40, No. 3, p. 12.

² U. S. Dept. of Agriculture, Agricultural Research Service, "Farm Costs and Returns, 1955," Agriculture Information Bulletin No. 158, June, 1956, pp. 27 ff.

\$82,000, net farm income in the neighborhood of \$4,000, and an hourly wage of minus \$.06. Those in the Southwest, with capital investments averaging \$178,000 and net farm incomes of \$3,000, earned minus \$2.30 an hour in 1955.

Cattle ranchers in the Northern Plains and the Southwest were also hard hit, with the former making minus \$.37 an hour, and the latter, minus \$1.52. But cattle ranches in the intermountain region averaged \$.32 an hour.

It is clear that in terms of the money economy and as compared with the wages of city workers and the profits of industrial corporations, farmers have long held an inferior position. The value of these statistics lies not so much in their individual accuracy as in the dramatic illustration of the depths of the dilemma in which the farmer finds himself. With no automatic controls that can be effectively invoked, the farmer's only recourse has been to turn to his government.



—Economic Indicators, July, 1956. U. S. Government Printing Office.

FARM INCOME

Tobacco farmers in Kentucky and North Carolina averaged a little under \$.70 an hour. One category of spring wheat farms in the Northern Plains (wheat-small grain-livestock) jumped from \$.01 an hour in 1954 to \$1.36 in 1955; another group (wheat-roughage-livestock) rose from \$.27 to \$.63; a third (wheat-corn-livestock) fell from \$.36 to \$.03.

Winter wheat farms in the Southern Plains fell from \$1.74 to \$.67 an hour in 1955; those in Washington and Idaho dropped sharply from \$4.27 to \$1.37 an hour, but were among the most profitable operations in farming in 1955.

All governmental controls thus far used have given practical recognition to the failure of the market as an instrument of regulation. The parity formula, historically embedded in an intricate statistical rigamarole, is nothing more than an acceptance of the fact that the farmer should be getting more than he does. Federal legislation guarantees some farmers a parity price or a percentage of parity.

Until 1950, parity prices were tied to a fixed base period. For about a third of the commodities, the base was the average price received by farmers in 1909-1914; for the remainder, other base periods were used

"reflecting the fact that price data were not available or were not appropriate for all commodities on a 1909-1914 base."³

The parity price was computed by multiplying the average price received during the fixed base period by the latest index of prices paid by farmers. The index of prices was computed monthly, and thus parity prices for individual commodities moved up and down as the index changed.

Effective January, 1950, a "modernized formula" was established by Congress. Instead of a fixed base, the base period for each commodity is now the most recent ten-year period prior to the year in which the parity price is computed. But to complicate matters further, consideration must also be given to "changes between 1910 and 1914 and the 10-year base period in prices received by farmers for farm commodities in general."⁴

A second change involved the index of prices paid. The modernized formula specifically provided for the inclusion of an allowance for farm wage rates and services to be added to the index of prices paid. As this was put into effect, the index was completely revised to take into account the substantial changes that had occurred in the kinds of goods purchased by farmers since the index was initially computed. And finally, special provisions were written into the law to prevent any abrupt drops in parity prices resulting from the shift to the new formula.

This superstructure of hypotheticals piled upon hypotheticals has done something to better the economic conditions of the farmers. But one has merely to look at the wage rates enjoyed by farmers in 1955 to indicate that it has been far from enough.

Another approach is the soil bank program which is intended to give a lift to farm prices by reducing surpluses, as well as to conserve soil resources by returning some 20 million acres of farm land to grass and

trees.⁵ The acreage reserve is a four-year program, beginning in 1956, to compensate farmers for reducing production of wheat, cotton, corn, rice, tobacco and peanuts.

Since most crops were planted before the institution of the program, 1957 will be the first year for an adequate test of its effectiveness. The conservation reserve part of the soil bank reflects a drive, in existence for several years, to effect a long-range adjustment in the use of the nation's land resources. Its success will depend upon whether it is diverted to political purposes or to its real function of removing less productive acres from crop production.

The whole problem of control has been accentuated by the fact that farmers themselves are not in accord on the measures to be employed. Indeed it is too little recognized that agriculture is, like industry, a generic term; it covers a vast miscellany of activities and operations; what may be suitable for one sector may be wholly inapplicable to another.

The essential fact cannot be obscured. The health of the whole economy must suffer if one of its parts is ailing. The farm population constitutes one of the great potential markets for the products of the factory and the city. There must be a practical recognition of agriculture as one of the interests that make up the commonwealth; and this can be achieved only by making it possible for the farm population to achieve a markedly higher standard of life.

The situation calls for statecraft. Since no single formula can come to grips with the miscellany of agricultural problems, what is needed is an arsenal of tools—a collection of regulatory powers—which, within the limitations of the political environment, can be used when and where they are needed.

This is not a task for the administrator wedded to the shibboleths of free enterprise, doctrinaire notions of the laws of supply and demand, or the bugaboos of creeping socialism. What is called for is a realistic appraisal of the mass of separate but related problems in agriculture, and a flexible and experimental approach to their solution.

³ "Parity Handbook," Senate Document No. 129, 82nd Cong., 2d Sess., U. S. Gov. Printing Office, 1952, p. 3.

⁴ *Ibid.*, p. 3.

⁵ U. S. Dept. of Agriculture, Office of Information, "The Soil Bank—Objectives, Administration in 1956," June 1956. See also pages 177-180 of this issue.

"It is best . . . in thinking about the agricultural surpluses of the United States to accept the world market situation as it is . . .," says this noted economist, who believes that the surplus problem can be solved "by extensifying part of our agriculture—that is, by shifting it to products with lower inputs per acre and therefore lesser outputs."

The Agricultural Surplus

BY JOHN D. BLACK

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SURPLUSES are not new to United States agriculture. But at no time in its history have they been so large and so many. Last year's farm output was four per cent in excess of last year's domestic consumption plus exports; and this excess was piled on top of those preceding years. The most recent reports indicate that this year's output will about equal last year's in spite of a slight tightening of production controls, some use of soil bank funds, and adverse weather in large sections of the country.

The over-riding fact in the situation is that United States farm products have been in surplus most of the time since European agriculture recovered largely from World War I in 1920-1921. Prices of farm products fell 44 per cent from 1919 to 1921 while the general price level was falling only 19 per cent. They got up only to 93 per cent of parity in 1937 after four years of the New Deal production control program plus two

of the worst drought years in our history, 1934 and 1936. They were down to 76 per cent of parity again by 1939.

But all the accumulated surpluses of those prewar years were needed by 1942, and as much more as our farmers could be induced to produce in the last war years, and afterwards to 1948 to implement the Marshall Plan while European agriculture was getting rehabilitated. The sag in prices of farm products that started in 1949 was checked temporarily by the Korean War in 1951. In our agriculture's peak postwar year, 1947, prices of farm products were 115 per cent of parity; they ranged around 81 per cent of it in 1955, and are about 84 per cent of it now.

It will be well before going further in this analysis to make sure that all of us mean the same thing by this word surplus. All that the ordinary man in the street means by it, we may be sure, is stocks of products that don't get used up. The fact that they don't get used up because the government has bought them and is holding them off the market, or has made a loan to the producers to enable them to hold products off the market, makes no difference in the ordinary day-to-day talk about surpluses.

But it should be made clear at the outset that these may not be true *economic* surpluses. They may instead be *political*, or at least *governmental* surpluses.

What, then, is a surplus in the economic sense? It is a supply that will not move through the channels of trade at prices that will keep producers producing what the

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market will take. To use the jargon of conventional economics, it is the supply which is in excess of that which will sell at *normal* prices.

Perhaps this will be clearer to the general reader if we make a few applications of it. Most readers will have heard of the hog-corn cycle, of how hog production and prices move through a three to five year cycle of short supply and high prices to the reverse of this. In this latter phase, hogs are in surplus and prices are below normal.

Again, if some new technology, like hybrid seed corn, causes farmers to expand the output of a product so much that the price falls lower than farmers can stand and stay in production (even using the new technology), some of the supply of this product is surplus.

It is only in this limited economic sense that I have meant to say that farm products have been in surplus except in the war and early postwar years since 1920. The period from 1898 to 1920 was one of relative shortage of farm products in North America and Europe. With rapid industrialization and population growth, the people were pressing on the food supply and prices of farm products were rising faster than other prices. But production was showing signs of catching up with demand and might have done so by 1920 if the war had not intervened.

Exports and Surpluses

Exports of farm products fell off sharply from 1927 on, and wheat, cotton and tobacco began to build up large carry-overs. Part of the reason for this was that agricultural prices were generally low in Europe in the 1920's and the importing countries raised their tariff rates as a means of aiding their farmers. Our exports of farm products in the 1930's were down to almost half of those of 1900 to 1915. They are now 25 per cent under their postwar peak of 1947.

Of course some may argue that the surpluses resulting from this decline in exports since 1947 are really political, that if other countries would allow free imports our surpluses would soon vanish. A look at the levels at which wheat prices are being supported in different countries in 1955-1956

gives a good deal of color to this argument:

Wheat Support Prices, 1955-1956

Argentina	\$1.18
Canada	1.40
Australia	1.46
United States	2.08
Sweden	2.21
United Kingdom	2.31
Belgium	2.56
Japan	2.59
France	2.64
West Germany	2.73
Brazil	2.85
Spain	2.86
Turkey	2.91
Italy	3.05
Switzerland	4.03
Finland	4.04

Still it is true that if all countries were to abolish their tariffs and other price supports overnight and the stocks on hand in the exporting countries were all thrown on a free world market, the price of wheat would sink to a level far below what is necessary to keep wheat production at a safe level. Estimates have been made that the price would be as low as \$.50 per bushel and it would take ten years probably before enough wheat producers in the different countries could shift enough to other lines of production to bring wheat prices up to a *normal* level. In the meantime, the governments of the different countries would have to come to the rescue of their wheat producers.

Let us suppose instead that a *normal* world wheat price could be established, by a world wheat board, or maybe even by a new International Wheat Agreement: What would the normal world price be? The estimates range around \$1.30 to \$1.40 per bushel. What these estimators are in effect saying is that if each country would import any wheat available at a lower price than its domestic wheat, so that all wheat was produced where it has comparative advantage in production, the world price would level out at around \$1.35 per bushel.

The International Wheat Agreement's \$1.50 minimum price is still somewhat above this normal. This means that the leading export countries are not willing to accept a normal world wheat price. They are using various governmental devices to hold domestic prices above the I.W.A. minimum and are unwilling to let the export price seek its free market level.

Internationally speaking, therefore, a good part of the present excess stocks and production of wheat is governmental rather than economic surplus. And likewise for the surpluses of most other farm products.

But let us not too hastily condemn these countries for their policies in this matter. The food deficit countries of Europe know well that they will be in peril if another war comes and if they do not maintain their agriculture in the meantime.

It is best, therefore, in thinking about the agricultural surpluses of the United States, to accept the world market situation as it is, and include in the demand for farm products only those exports that normally can be expected in the world as it is.

Finally, one must at least give recognition to those who are constantly asking how there can be food surpluses with half the population of the earth undernourished and underclothed. These critics demand that the United States use its surpluses of food and fiber to feed and clothe the poor people of other countries. The most commanding element in this situation is that for this country to start feeding these people now and keep on feeding them indefinitely would be fatal in the end; and to feed them say for the next ten years and then stop would be even more disastrous.

If our surpluses are really going to help these people, they must be used in such a way as to help them raise their levels of living by increasing their productivity. Nearly half the people on the earth are living in countries where the arts of production are advancing faster than the population is growing and levels of living are rising. The task facing these countries is to help bring the rest of the world into their orbit. Surpluses can help in this task, but only if carefully used. And of course they should be available in emergencies.

As for the underfed in our own country, excepting the hopelessly infirm and disabled, pretty much the same principles apply.

Let us now consider more concretely and specifically the actual surplus situation facing our agriculture. First, what is it that has made the situation so acute in recent years? The principal factor is the rapid advance in the use of new technologies since

1940. There was a tremendous backlog of technology waiting to be applied when the war began. It was not being used because of the surplus situation. The war did more than simply furnish a market for the larger product resulting from its use—winning the war made necessary this larger output and the United States Department of Agriculture and the state agricultural extension services turned their energies toward getting out this larger output.

By 1944, a 29 per cent increase in agricultural output over 1939 was attained. Once started, this surge could not be checked; by 1953, output was 44 per cent above 1939. In fact, there was no need to check it till 1948. The nation's population, however, had increased only 19 per cent by 1953, and per capita food consumption 12 per cent, making a total of only 34 per cent. With the drop in exports after 1947, and especially since 1953, we were in the grip of a food and cotton surplus situation.

One change in technology was a large shift from man labor to machine labor. The 44 per cent larger output of 1953 was produced with 30 per cent fewer farm workers. High levels of nonfarm employment played a large part in this. Also the number of small farms declined greatly.

Extensifying Agriculture

Surely no one wants to break this surplus situation by going clear back to the old technologies. But how else can this be done? The general answer is, by *extensifying* part of our agriculture—that is, by shifting it to products with lower inputs per acre and therefore lesser outputs. Examples of this would be shifting land from wheat to grazing, from corn to small grain and to grazing and forage, from cotton to corn and hogs in the South and grain sorghum in Texas and Oklahoma, and even to grazing and cattle, and from tobacco to corn or peanuts. There can be a general program of culling out the poorer acres and putting them in grass and trees.

But by extensifying in this way, will not farmers get lower income from their total acreage? There will be a general tendency in this direction. The reduction in outlays will in many situations not equal the re-

duction in sales. The rise in prices with reduced output will of course be an offsetting factor, but only when the extensification becomes general. The real answer is that the farms need to add enough more extensively farmed acres to their farms to offset the reduction in intensively farmed acres. Enlargements of farms along these lines is now under way at a rapid rate, but not rapidly enough, especially on the smaller commercial family farms.

The Soil Bank Program

How does the soil bank program fit into the needs of this situation? The answer is that it can be planned and directed so that it will fit into it very well, but it is not getting off to a very good start in this direction. The reason for this is probably the urgency in an election year to get some startling results right away. There is no quick and at the same time sound solution to a situation that has been developing slowly ever since 1920, and rapidly since 1940.

Your author working closely with Professor James Bonner of Michigan State College, at the request of the Committee on Agriculture of the National Planning Association, set as a reasonable goal the getting of agricultural production into good balance by 1965. Following are some of the main conclusions reached in "A Balanced Agriculture in 1965."¹

Wheat: Although acreage has been reduced 20 million since the postwar peak, another 10 million reduction will be needed, and in addition, outlets will need to be found for the current big stockpile plus some excesses over production and exports in the next five years.

Corn: The corn acreage will need to be reduced 15 per cent to 68 million acres selling at about \$1.30 per bushel. It has been declining in the past as yields have increased.

Other Feed Grains: The 150 million acres harvested in 1955 will have to be reduced 13 per cent to 130 million acres.

But the 150 million for 1950 was above the 1950-1955 average.

Beef: The 21 per cent larger output in 1965, at the expected next bottom in the beef-cattle cycle, is expected to sell at 10 per cent higher prices than the \$16 price prevailing in the recent bottom (1955).

Pork: Output is expected to be in balance with consumption at the same levels as in the current hog-corn cycle.

Dairy Products: A shift is expected from current emphasis on milk fat, but about the same average price for all dairy products as recently. Consumption and production both up 15 per cent.

Eggs: Total consumption should go up 30 per cent, selling at 38 cents per dozen, compared with 47 cents in 1953 and 36 cents in 1954.

Potatoes: Acreage will have to drop 3 per cent more to attain equilibrium in 1965.

Cotton: Acreage will need to fall from 16.9 million in 1955 to 13.0 million in 1965 to attain a balance with domestic use plus exports.

Tobacco: Acreage is expected to go down one-fourth and even then prices will be five to ten per cent lower, if recent declines in per capita consumption continue.

It is clearly evident in these projections that the shifts called for in the next ten years are mostly in line with the general need for extensification of agriculture. It is livestock production that promises to keep most nearly in line with consumption in these years. There will, in fact, be room for a 24 per cent larger acreage of hay and forage if past trends in improved grassland technology continue.

The summation of the foregoing product-by-product analysis is that an increase of only 17 per cent in agricultural output will be needed by 1965. This can be produced on the land now being farmed, and a sizable shift from wheat, corn, cotton and the more intensive crops to more extensive land uses

¹ Special Report No. 42, National Planning Association, 1606 New Hampshire Avenue, Washington, D. C. (35 cents).

will be needed to avoid continuing surpluses.

Moreover, the conclusion was that the government program operating in 1955 would not be effective enough to bring output and domestic consumption plus exports into balance by 1965. The principal reason for its prospective failure will be that it is still holding prices of farm products so far above normal that production control is proving increasingly ineffective.

Farmers are simply applying enough more of the improved technologies to their reduced acreages to get the same output as before or even more; or they are shifting to crops not under restriction. They are doing this latter also if quantity limits are being placed on some crops. Support prices are still being based largely on whichever is the higher of modernized parity and parity based on the years 1910-1914 when farm products were scarce in the world.

The soil bank program will be greatly handicapped in achieving the goal of a balanced agriculture so long as the government submits to pressures and sets excessive loan rates on crops. If it allows prices on the basic crops to approach modernized parity of the rate of five per cent a year as the Current Agricultural Act provides, this will help considerably, but even modernized parity is based on an average of the last ten years and may be out of date for crops whose technology is advancing rapidly. Moreover, the whole average level of price supports may be too high.

There are those who say, of course, that the soil bank will help only in the very short run, that when the land that is resting and building up its productivity is brought back into cultivation it will be all the more productive and we shall be worse off than before. This could prove to be true. The nation must see to it that soil bank land or an equal acreage of other land is converted to the more extensive uses named in the foregoing.

A safer price-support plan, and one that would fit the soil bank program better, would be to let prices of the various farm products fall gradually within the next three years to a free market level, and pay the producers directly the difference between the returns from each crop and what the returns would be from an average yield per acre at some per cent of modernized parity prices, say 90 per cent at the start. This would in effect be substituting parity income for parity price.

This would not be the Brannan Plan by a long way; but it would have the feature in common with it of direct compensatory payments to growers. Therefore, it is politically objectionable.

One great advantage of such a program would be that the wholesale prices at which the different products would be selling would also be the export or world-market prices. This country would no longer be dumping its surpluses abroad at prices below what its own consumers were paying, as it has been doing in the past year with cotton and some other products. It could also say that it was offsetting the effect of the subsidy to producers in its compensatory payments by placing limits on the amount of output of each product upon which it was making such payments. This would be an essential part of the program. The program quotas would be continued as long as necessary to bring production in balance.

Insofar as the surpluses are properly used in economic aid programs abroad, other exporting countries can have little real objection to them. Properly used, they will provide employment for unemployed and underemployed workers in those lands and thus enable them to buy and consume more of these same products. Other countries are entirely free to use their surpluses in the same way. The same is true of emergency use of surpluses.

ERRATUM

We regret that an error appeared in the article on "Collective Defense in Southeast Asia" by Arthur H. Dean in the July, 1956, issue. Line 4, page 11, should read as follows: "Nevertheless, fear of Western domination and Western capitalism has cut deep, and Soviet propaganda has liberally sprinkled the sores with lye."

Books and Ballots: II

BY DAVID DENKER

Assistant Provost, Rutgers University

BEFORE continuing my exploration of recent works in the field of politics, there are a few marginal notes, three or four necessary remarks, to be made about Samuel Lubell's *Revolt of the Moderates*. It is true that C. Wright Mills does not hold

in high esteem the "romantic pluralism" of such political analysts as Lubell and David Riesman. But in spite of Mills' conscientious efforts, Lubell remains unique in the talents he combines in his work.

Where many observers (largely political scientists in the academies) still make library shelves groan under tons of books devoted to legal, philosophical or taxonomic matters, Lubell makes a factual field study of the actual process of politics and how ordinary men and women think about and participate in its operations. The book is so assiduously researched, and so carefully fabricated, that I am unreluctant in saying that he has provided much descriptive data needed for a cultural analysis of American society.

Where many academicians still picture American politics as a clash between the "Left" and the "Right," Lubell shows why the truly crucial struggle is between the past and the future, with the people using both parties to break free of the dividing symbols of the Roosevelt era to achieve new unity. He is saying that the American middle class is trying to fashion a new political majority at home while the government tries to build a coalition of peace and order abroad. As Lubell sees it,

In foreign affairs the gossip myth that ours is a mercurial, impatient temperament has been belied by how steadfastly we have plugged away at the role of global, philanthropic policemen, trying now with dollars and now with guns to stabilize governments in lands many of us could not locate on a map. At home, the New Deal generation, once so zealous to make America over, devotes its evenings to wrestling with mortgage payments and inculcating a respect for tradition in overly progressive children.

More important than this quibbling with the political scientists, however, is the fact that there have been such revolutionary changes in American culture that the existing literature is no longer adequate or com-

REVOLT OF THE MODERATES. BY SAMUEL LUBELL. New York: Harper and Brothers, 1956, 308 pp., \$3.75.

THE PRESIDENCY TODAY. BY EDWARD S. CORWIN and LOUIS W. KOENIG. New York: New York University Press, 1956, 138 pp., \$3.00.

THE AMERICAN PRESIDENCY. BY CLINTON ROSSITER. New York: Harcourt, Brace and Company, 1956, 175 pp., \$2.95.

CHARLES BEARD AND THE CONSTITUTION. BY ROBERT E. BROWN. New Jersey: Princeton University Press, 1956, 219 pp., \$3.50.

THE MAKING OF CHARLES A. BEARD: AN INTERPRETATION. BY MARY RITTER BEARD. New York: Exposition Press, 1956, 104 pp., \$3.00.

AMERICAN PARADOX: THE CONFLICT OF THOUGHT AND ACTION. BY MERLE CURTI. New Jersey: Rutgers University Press, 1956, 116 pp., \$2.75.

WHAT I THINK. BY ADLAI E. STEVENSON. New York: Harper and Brothers, 1956, 240 pp., \$3.00.

THE HOOVER REPORT, 1953-1955. BY NEIL MACNEIL and HAROLD W. METZ. New York: Macmillan, 1956, 304 pp., \$6.00.

THE REPUBLICANS: A HISTORY OF THEIR PARTY. BY MALCOLM MOOS. New York: Random House, 1956, 564 pp., \$5.95.

THE FABULOUS DEMOCRATS. BY DAVID L. COHN. New York: G. P. Putnam's Sons, 1956, 192 pp., \$5.95.

THE LOYAL AND THE DISLOYAL. BY MORTON L. GRODZINS. Chicago: University of Chicago Press, 1956, 320 pp., \$4.00.

petent to describe the present structure or processes of government. The thoughtful reader will not dare overlook this dénouement in Lubell's book. Nor can he afford to miss Lubell's appraisal of the changes in the Republican party; the altered nature of "isolationism" in the United States; the conflicting forces that are reshaping the politics of the South; the potential of business as a conservative force; the new technology which has split other groups, but united the middle class; and the genuine two-party politics that has appeared for the first time since the 1890's.

Looking deeper, Lubell says that the federal government has immeasurably enlarged its power, and within this structure the president has developed into the real head of his administration and of his political party, virtually alone in the government to give sustained leadership to the Congress. Lubell suspects that much of what has been written about politics should be regarded as historically descriptive of American political development from colonial times to the early twentieth century, but inaccurate for today and unfortunately not an infallible prognosis of what is likely to happen tomorrow, or the day after. This faulty image collides with the "revolt of the moderates" which he calls the outstanding characteristic of the new age that started with President Eisenhower.

Because President Eisenhower was the chosen instrument of this yearning, it is increasingly important that every voter be informed about the office of the presidency. Two excellent books, both slim, give force and focus to the part that crisis has played in the development of the office. *The Presidency Today*, by Edward S. Corwin and Louis W. Koenig, indicates that the future of the presidency is shrouded in doubt. What of the delegation of duties, the authors ask, the role of the vice president, the enigma of succession?

They answer by recalling that presidents have become disabled four times within little over a generation, yet no effort has been made to date to provide an assured procedure for the handling of such a situation, and the questions to which it gives rise. *The American Presidency*, by Clinton

Rossiter, will also provide its readers with hours of useful reading. It is in dealing with the men who have made the modern presidency—Roosevelt, Truman and Eisenhower—that Professor Rossiter makes his case very well. On a number of points readers may disagree with Rossiter's rather healthy conservatism; but nearly all, I hazard, will agree that his is a highly intelligent analysis and very well worth reading.

Anyone who has speculated on the relation between the presidency and economic factors must have been struck by the irony of American history. Often the historian at odds with his own time is nevertheless defined by it. This is true of Charles A. Beard, as the recent publication of Robert E. Brown's *Charles Beard and the Constitution* and Mary Ritter Beard's *The Making of Charles A. Beard* reminds us.

Forty-three years ago Charles Beard alarmed the politically-minded majority with *An Economic Interpretation of the Constitution*. A growing number of dissenters—scholars, editors, politicians and patriots—dealt swiftly with his history. They pitilessly attacked the book and Beard. Such fury burst that in headline letters nearly an inch tall the author was called "a ghoul desecrating the graves of the dead, a hyena, and a muckraker of the Fathers." Some reviewers treated the subject with respect, admitted his genius, but scorned the economic interpretation of history.

So ferocious an attack did not take into account that Beard positively used the article "an" and not "the." He explained more fully in the last edition of this book that he was dealing with an aspect of the Constitution. Few commentators in the early years of the dispute, Beard complained, looked his "an" squarely in the face or seemed ready to catch up with the Fathers in comprehending "the" imperative need of an economic basis for any constitution that could endure. He scandalized the orthodox.

Many critics presented what they thought to be Beard's most serious offense. Their criticisms may be summarized as follows: he failed to consider non-economic forces. So widely has this point of view been accepted that perhaps Professor Corwin aimed better

than most of them when he shot this barbed shaft into the center of the target. "Had he [Beard] been less bent on demonstrating the Socialist theory of economic determinism as class struggle as an interpretation of history, his own performance would be less open to criticism." V. L. Parrington, on the other hand, answered the question of paternity by saying that Beard was Madison's baby, not Marx's.

Perhaps it should be emphasized that the historical guild also regarded Beard as an advocate of causes rather than a seeker of historical facts. A reviewer in the *Dial*, in 1913, centered his attack on this theme: "The author seems more like a holder of a brief than an impartial seeker for the truth." Far more serious was his failure to find anything good in the Founding Fathers (did Beard suggest Funding Fathers?), protested William Howard Taft, *The New York Times* and Nicholas Murray Butler. To use Beard's own words: "On the whole I received more whacks than praise."

Time broadened the orthodox and changed Beard. It would seem fair to remark that by 1933 Beard's main attention was not on economics. He recognized by then the weakness in overvaluing economic power. All of which means that "economics" ceased to suggest "basic" and came more and more to line up as a "weapon" in a multiple arsenal. The disturbing thing is that Beard went to the other extreme. He flip-flopped in *The Republic: Conversations on Fundamentals* and *The Enduring Federalist*.

A reading of his entire work brings the conclusion that Charles Beard was two people: the brilliant historian of the professional school that went into *Economic Origins of Jeffersonian Democracy* and the devil-chasing cynic who produced *President Roosevelt and the Coming of the War*. The first Beard is a keen scholar; the second is a sniping writer engaged in "unveiling realities." The fact that there are two Beards is a criticism of the second Beard; it is a valid criticism because of the hollow history that characterizes the story of Roosevelt.

Beard implies in the book on Roosevelt that the story of the president is the story of "realities," and presumably the story of World War II. But the fact that he had to

pick sections that are "realities" only in the Beardian sense is a sign that he overlooked an objective exposition. The Charles Beard of *The Economic Origins of Jeffersonian Democracy* knew that you cannot fit history into a consciously set frame.

Robert Brown's close study of Beard and the Constitution shows that Beard's shortcomings find their roots in his preconceptions. Perhaps Beard permitted prejudices to squeeze events into categories. Things were never what they seemed, Beard wrote; so he went about filling the gap between appearances and reality. He unmasked events in order to "reveal" their class interest. He appears to have accepted at face value documents which supported his case, but to have rejected materials that disproved it.

Brown's way of analyzing Beard is unnecessarily harsh on *An Economic Interpretation*; he attempts to show that the book is seriously wanting and points the way to a better understanding of the Constitution. Consequently Brown's book is a little forced. It is true that Beard is too heavily weighted in one direction (the economic) and that his conclusions floundered. But in all essential respects it is a *tour de force*; it is neither dated nor old-fashioned. Beard tried to upset traditional views about the Founding Fathers. He proudly defied all the "myths" and "taboos." Into the book he distilled the debates as well as sources hitherto untapped, namely the manuscript records of the Treasury Department containing the accounts of the transactions in government securities at the time that Hamilton's funding system went into effect. He sifted sources not used by Bancroft, Schouler, Fiske and McLaughlin.

Given his origins it would appear that Beard wrote this book in response to his background conditioning—populism, trade unionism, muckraking, and so forth. The book came out during the bitter debate that split the Republican ranks, the controversy over the election of United States Senators, workmen's compensation, and other labor and social security legislation. It was hardly a time for calm reception.

Few will quarrel with Brown that the heart of the difficulty lay in his prejudice

for one institution. Beard made the purpose of *An Economic Interpretation* clear in the introduction. There he expressed the hope of influencing others to turn their attention to economic forces. It is unfortunate that he did not maintain this position throughout the work. He threw away the purpose and set out, instead, to make the point that in history no movement by a mass of people can be comprehended until that mass is resolved into its component parts. This singleness of view gave the erroneous impression that other factors were of no consequence.

Agree with her or not, Mary Ritter Beard is always interesting. She covers a number of things besides the writing of history; rambling through her own record of Charles Beard's family background, student days, and teaching experiences; and discourses on his travels and public services. It would be pleasant to believe that this is the book the historical guild has been waiting for, but the verdict is that it is disappointing. The occasional merits of the treatment are no compensation for its curious confusion. What the country needs is a monumental book on one of America's most illustrious historians.

BOOKS IN SHORT

AMERICAN PARADOX: THE CONFLICT OF THOUGHT AND ACTION.

By MERLE CURTI. (Rutgers University Press). The distinguished historian points to an irony in American culture: we revere knowledge and yet fear intellectuals. We count access to knowledge a revolutionary concept and at the same time pay niggardly wages to teachers and distrust "eggheads" and brain-trusters. A useful book for all Americans who run for public office and those who elect them.

WHAT I THINK. By ADLAI E. STEVENSON. (Harper). My conclusion upon reading this book: it is a pity that this gift for language and refreshing sanity cannot be fully appreciated by those Americans who distrust "eggheads."

THE HOOVER REPORT, 1953-1955. By

NEIL MACNEIL and HAROLD W. METZ. Here is a sharp look at Government Accounting, Paper Work and Red Tape, Real Property, Business Enterprises, Medical Services, and so forth, of the government in Washington. The authors, who write with an economy and skill unknown among academics, have divided their book into four parts: The Tools of Government, Big Government, The Big Spender and Overseas Economic Operations.

THE REPUBLICANS: A HISTORY OF THEIR PARTY. By MALCOLM MOOS.

(Random House). Here is the first history of the G.O.P. to be published in more than 30 years. Inside, there is ample color for those who are in training for the big event in San Francisco: the suspense and the cigar smoke, the bending policies, the legislations, the campaign, and the weaknesses and the strengths of the Republicans. Also these illustrious men march through the pages: Lincoln, Fremont, Hanna, Hays, Hoover, Willkie, Vandenberg, Taft and Eisenhower.

THE FABULOUS DEMOCRATS. By

DAVID L. COHN. (Putnam). What is a new delirium to Republicans is a tradition of service to ordinary people to the Democrats. Here, in a treasure of half-tones and black-and-white drawings, is the story of the Democrats from Jefferson to Stevenson. David Cohn is no terrible-tempered Truman but he gives the Democrats h . . . when the record shows they deserve it. He concludes, however, that when the chips are down, the picture is one any American may well be proud of.

THE LOYAL AND THE DISLOYAL. By

MORTON GRODZINS. (University of Chicago Press). Why are most men loyal to the nation in which they live? Why are some men disloyal? Is there something different about traitors that sets them apart from ordinary men? Can the solid citizen, the man-in-the-street, be induced to treason? Grodzins' answer will infuriate some Americans, will prove disturbing to others and revealing to all.

Received At Our Desk

American Agriculture

AGRICULTURE IN AN INDUSTRIAL ECONOMY. BY TROY J. CAULEY. (New York: Bookman Associates, 1956. 184 pages and index, \$4.00).

This study represents an attempt "to apply the principles of what has come to be called 'institutional economics' more particularly to the problems of agriculture than has been done elsewhere" in order "to explain how agriculture fares in our present predominantly industrial economy." Dr. Cauley examines the economy and finds that farmers' purchasing power is seriously unstable. He then looks "for the causes of this instability in the technology and the institutions in and through which agriculture functions." He discusses agricultural technology, farmers' responses to price changes, government price support policies, possible reforms of agricultural land tenure, the relationship between the farmer and taxes and the farmer in politics. The author believes that the "basic flaw in our economy is its instability and further that the fundamental cause of this instability is to be found in the insufficient purchasing power on the part of the mass of the people to enable them to buy as much of goods and services in general as our advancing technology enables us to produce." The remedy, he feels, is to increase the incomes of the lower income group to reduce inequalities in our economy. This program can be implemented in several ways. Meanwhile, the author approves of plans for government price supports and particularly of the Brannan Plan because it is most likely to contribute to the general welfare.

ELI WHITNEY AND THE BIRTH OF AMERICAN TECHNOLOGY. BY CONSTANCE McL. GREEN. Edited by Oscar Handlin. (Boston: Little, Brown and

Company, 1956. 196 pages, bibliography and index, \$3.50).

Eli Whitney's cotton gin revolutionized southern agriculture and had far-reaching effects on the future of the American farm. His experience with the cotton gin led him to devise the "Uniformity System" of manufacture which formed the basis for the nation's later industrial growth. Whitney was not appreciated during his lifetime; yet "From Whitney's concepts and the work of his hands came the Cotton Kingdom of the South and the industrialism of the North." This eleventh volume in the Library of American Biography was prepared under the careful editorship of Oscar Handlin. Well-written and well-documented, it adds to our information on the beginnings of industrialization in America.

American History and Politics

MILITARY HERITAGE OF AMERICA.

BY R. ERNEST DUPUY and TREVOR N. DUPUY. (New York: McGraw-Hill, 1956. 695 pages, appendices, bibliography and index, \$10).

This is a careful, detailed military history of the United States, analyzing all the wars in our history. Before discussing the wars of the United States in detail, the authors discuss the concept of war, strategy, tactics and military techniques, and the evolution of military theory, with reference to famous generals and famous battles of history. Figures and maps make the text easier to follow. Appendix A charts all the wars of history from antiquity to mid-twentieth century. Appendix B lists the development of weapons and war material. As the authors (United States Army colonels) point out in the preface: "This book makes no pretense of containing a definitive history of any of the wars discussed. The highlights of the major campaigns and battles have been drawn boldly

against a skeletal background of the political situation, to bring out their relationship to the development of the art of war." The resulting study is interesting and useful.

THE LEGEND OF THE FOUNDING FATHERS. BY WESLEY FRANK CRAVEN. (New York: New York University Press, 1956. 182 pages and index, \$4.50).

Lectures delivered at New York University in the spring of 1955 are reprinted here for a wider audience. "Why Came We Here?" the caption for Chapter One, is an apt introduction to the scholarly discussion of the American tradition by Dr. Wesley Frank Craven, Professor of American History at Princeton University. As he points out: "For better or for worse, the American community has consistently looked to its origins for an explanation of its distinctive qualities and thus for an indication of what its future should hold." Dr. Craven discusses the pre-Revolutionary tradition, with particular reference to Puritan New England. His chapter headings are revealing: "Why Came We Here?" is followed, in due course, by "The First and Second Founding," "The Shaping of a National Tradition," "Pride of Ancestry," "A Legend Debunked and Restored."

DELINQUENT SAINTS. BY EMIL OBERHOLZER, JR. (New York: Columbia University Press, 1956. 250 pages, tables, bibliography, footnotes and index, \$6.00).

This is a detailed and scholarly study of the effects of the Puritan tradition on the morals and ethics of the colonial settlers in the seventeenth and eighteenth centuries of New England. Church records of the mandatory public confessions of wrong-doing provide rich material for this study. Sins of omission, of commission, false doctrine, heresy and schism, domestic and marital relations, extramarital relations, intemperance, offenses against the person, false witness, business ethics and property rights—all these are discussed here. The role of the Puritan churches as courts of law and the relations between church and state are also explored.

DEMOCRACY AND THE AMERICAN PARTY SYSTEM. BY AUSTIN RANNEY and WILLMOORE KENDALL. Under the General Editorship of Earl Latham. (New York: Harcourt, Brace and Company, 1956. 533 pages and index, \$7.75).

How valuable our party system is as an agency of democratic government is a primary concern of this up-to-date text on American politics. The authors open their six-part study with a discussion of "Democracy and Popular Consultation," setting up a "model of democracy for the nation-state" against which they can examine the American party system. The book includes a short institutional and intellectual history of political parties, a discussion of the structure of the American party system and the major activities of the American parties. The function of the parties in American democracy is evaluated. Although the authors summarize the views of those who hold that a different type of party system would be more democratic, they believe that "the American party system as it now exists performs a role of great usefulness in our national politics and government; that, judged by the criterion of our conception of democracy, that role is of great value and deserving of high praise; and that the price America would probably have to pay for more centralized and disciplined national parties is, from the standpoint of democracy and in the light of the present nature of the American community, too high."

AMERICAN POLITICS AND THE PARTY SYSTEM. BY HUGH A. BONE. (New York: McGraw-Hill Book Company, 1955. 628 pages, appendices and index, \$6.00).

This new second edition is a careful, detailed text on our party system. Particularly useful for the student in an election year are the discussions of national conventions and of the 1952 political campaign. Professor Bone finds that "Parties have met the pragmatic test; they have blundered but they have muddled through, they built up consensus during wars and emergencies and have adjusted

to as well as modified the Federal, separation of powers, presidential system. Given the cultural, legal pattern of American life, they have done as well as can be expected."

THE AMERICAN SYSTEM OF GOVERNMENT. BY JOHN H. FERGUSON and DEAN E. McHENRY. (New York: McGraw-Hill Book Company, 1956. 706 pages, appendices and index, \$6.75).

The 41 chapters of this handsome textbook include illustrations, tables, bibliographical lists and review questions to help the student understand and appreciate the intricate workings of the federal, state and local governments of the United States. Photographs add to the interest of this concise and well written study.

I VOTE MY CONSCIENCE. Debates, speeches and writings of Vito Marcantonio. (New York: the Vito Marcantonio Memorial, 1956. 482 pages and index, \$5.00).

Here is source material on the life and opinions of the late Vito Marcantonio, Congressman from New York city's Twentieth Congressional District from 1935 to 1950. Letters, speeches and other writings are reprinted by some of Marcantonio's admirers.

LABOR ON THE MARCH. BY EDWARD LEVINSON. (New York: University Books, 1956. 299 pages, bibliography and index, \$3.50).

This story of the American Labor movement was written 20 years ago by a labor reporter and is reprinted now that "labor unity has happened." As Walter Reuther points out in his introduction, the book "recreates, better than any other book I know, the prevailing atmosphere of those turbulent times of the 1930's"

SO FELL THE ANGELS. BY THOMAS GRAHAM BELDEN and MARVA ROBINS BELDEN. (Boston: Little, Brown and Company 1956. 355 pages, notes and index, \$5.00).

This well-written study traces the lives of Salmon P. Chase, his daughter Kate

and Kate's husband, William Sprague. Secretary of the Treasury and later Chief Justice of the Supreme Court, Chase was a man of driving ambition and his daughter matched his temperament. The story of their lives adds to the reader's knowledge of the Lincoln era.

History and Politics

NEW HOPE IN AFRICA. BY J. H. OLDHAM. (New York: Longmans, Green and Co., 1956. 97 pages and appendix, \$1.75).

"The Capricorn Africa Society was founded in Salisbury in Southern Rhodesia in 1949 by a group of people, composed of different races, who believed that a policy for Africa must come from within Africa itself." This brief volume details the aims and purposes of the society and outlines a philosophy of hope for Capricorn Africa, whose territories are "situated in the main within the tropic of Capricorn. The chapter on "Race" with its discussion of prejudice is particularly penetrating. Readers may not agree that the Capricorn Africa Society has the answers to the complex problem of setting up a multi-racial society in Africa; yet few could disagree with the statement that: "The central problem in the creation of a multi-racial society is not in its essence a problem peculiar to Africa. It is also today the crucial problem of western man everywhere and of humanity as a whole."

DIVIDED WE STAND. BY MICHAEL SHEEHY. (New York: G. P. Putnam's Sons, 1956. 102 pages and index, \$000).

"A Study of Partition" in Ireland, by a Southern Irishman and Roman Catholic, is a review of the basis of partition, the history of Ireland since partition, the attitude of Southern Ireland, Northern Ireland and England toward partition. Mr. Sheehy believes that the "separatist policy of the Southern Government is altogether unacceptable to the North for the good reason that it is totally unrealistic, ignoring the obvious and profound connections between Ireland, Great Britain and the world generally." He feels that the Southern Government must re-examine its political program, national and international,

and consider the political and economic realities.

RETURN TO POWER. BY ALISTAIR HORNE. (New York: Frederick A. Praeger, 1956. 405 pages and index, \$6.00).

This report on the new Germany between 1952 and 1955 is told by a British news correspondent with a keen eye and a facile style. "Germany, once more returned to power as a first-class force in world affairs, elevated from her cataclysmic defeat by the irony of history to a key position between East and West, holds the balance of power in the cold war." Dr. Adenauer's importance, the struggle for unification, economic recovery, the significance of neo-nazism, the German attitude toward war guilt and toward the Jews are analyzed. Detailed and painstaking study leads this author to conclude that while Germany may be "an uncomfortable ally," it is the responsibility of the West to see that West Germany does not turn to Russia.

KUWAIT WAS MY HOME. BY ZAHRA FREETH. (Distributed in the United States from New York: The Macmillan Company, 1956. 158 pages, glossary, index, illustrations, \$3.75).

Descended from three generations of Englishmen living in the Middle East, and brought up in Kuwait, Zahra Freeth writes of the historical background of the Persian Gulf area around Kuwait. The impact of oil discoveries on the Badawin culture changed the feudal society and today Kuwait is becoming a modern state with Western ideas of sanitation, education and administration. Mrs. Freeth feels that the people of Kuwait are looking forward, not backward.

JUDAISM: FOSSIL OR FERMENT? BY ELIEZER BERKOVITS. (New York: Philosophical Library, 1956. 147 pages, notes and index, \$4.50).

Here a distinguished rabbi and scholar answers the criticism of the Jewish people made by A. J. Toynbee, the British historian, in his *A STUDY OF HISTORY*.

Toynbee sees Judaism as a "fossilized relic of a civilization that was extinct in every other shape." Dr. Berkovits naturally takes issue with this premise; his critical attitude toward Toynbee's philosophy of history is understandable. He also provides the reader with some illuminating insights into historical and contemporary Judaism, from a Jewish viewpoint.

TOYNBEE AND HISTORY. Edited by M. F. ASHLEY MONTAGUE. (Boston: Porter Sargent Publisher, 1956. 385 pages, \$5.00).

This series of critical essays and reviews of Arnold J. Toynbee's writing is taken from the work of 28 experts who evaluate and examine Toynbee as an historian and philosopher. Three essays by Mr. Toynbee complete this comprehensive little volume.

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THE SECOND INTERNATIONAL 1889-1914. Parts I and II. BY G. D. H. COLE. Vol. III of *A History of Socialist Thought*. (New York: St Martin's Press, 1956. 1043 pages, \$16.00 the set).

These two volumes maintain the impressive standards of thoroughness and organization set by Professor Cole in the previous parts of his study. His treatment of the confused rise and fall of the Second International, which introduces Part I, is one of the few genuinely clear presentations to appear in English, but even more rewarding is a wide-ranging account of the distinct Socialist movements in separate countries. Especially interesting are long sections on Socialism in Great Britain, Russia (to 1905), Germany, and the United States. In a concluding chapter marked by common sense and realistic understanding Professor Cole comments on the reasons for the difference between the Socialist movements in various countries and for the collapse of the International, if not of Socialism, in 1914. This is an important work and students of modern history will await Volume IV with considerable anticipation.

Henry R. Winkler,
Rutgers University

World Documents

Farm Legislation—1956

On May 28, 1956, President Eisenhower signed the farm bill, H. R. 10875, which is a compromise between the Democratic stand for rigid price supports at 90 per cent of parity and the Administration's demand for flexible supports. Last April, President Eisenhower vetoed the first farm bill on the basis that it would only lead to price-depressing surpluses. Here is the text of President Eisenhower's statement as he signed the farm bill, followed by the text of H. R. 10875:

I have today approved the farm bill H. R. 10875.

The heart of the bill is the soil bank. Its acreage reserve will help bring production of certain crops into balance with their markets. It will check current additions to our price-depressing, market-destroying surplus stocks of farm products. It is a concept rich with promise for improving our agricultural situation.

The conservation reserve feature of the soil bank can be the most significant advance in the conservation field in many years. It will result in improved use of our soil and water resources for the benefit of this and future generations. Together with the forestry provisions of the bill, it will increase our supply of much-needed forest products. It will help hold rain and snow where they fall and will heal with grass and trees the scars of erosion which now mar our countryside. It will make for better land use in those areas of the Great Plains which have experienced dust storms. It will reduce the stimulus to livestock production, induced by feed-grain output on acres diverted from wheat and cotton.

The delay in the bill's enactment, however, makes it virtually impossible to put the soil bank properly into effect in 1956, and I am disappointed that advance payments to farmers are not provided for.

Most of the harmful provisions of the previous farm bill have been deleted or have been substantially modified. Some of them still remain, however, and some new ones have been added.

Sections 202 and 203, which apply to cotton, are particularly unfortunate. This

Administration is committed to a policy of orderly disposal of agricultural surpluses and a healthy expansion of international trade. This policy is in our national interest and serves to promote the strength of the free world. These two sections call for measures which could result in a serious setback to the policy.

Section 203 requires the Government to follow an inflexible program of cotton export sales with little regard to costs and without adequate regard to the far-reaching economic consequences at home and abroad. In order to avoid seriously disruptive effects, this section of the bill will have to be administered with extreme caution.

Section 202 intensifies further the restrictions already applied on imports of long staple cotton at a time when domestic cotton of this type is fully competitive with foreign growths and domestic consumption is rising. The same section of the legislation requires the Government to export Commodity Credit Corporation stocks of extra long staple cotton, a type which we normally do not sell abroad in significant quantities.

Section 204 authorizes the President to negotiate agreements to limit certain imports outside the procedures established by our trade agreements legislation. This section represents an undesirable complication in the field of foreign trade.

The effective operation of a two-price plan for rice is faced with several serious problems, which must be carefully evaluated before a decision is made whether to institute such a plan.

In freezing acreage allotments for rice and cotton for the next two years at the

1956 level the bill runs counter to the adjustment principle which underlies our basic agricultural legislation.

Despite the shortcomings of the bill, its

advantages outweigh its harmful provisions. I am gratified with the constructive features it contains and I am hopeful that the Congress will review and repair its shortcomings.

H. R. 10875

The new farm legislation embodies the principle of flexible price supports for the basic commodities and increases supports on other commodities. Its major provisions were introduced into the CONGRESSIONAL RECORD Appendix of May 23, 1956, Vol. 102, No. 85 by Representative Carl Albert, Democrat, of Oklahoma, and are reprinted here from its pages:

Major provisions of H. R. 10875, as finally passed by Congress, are:

First. A \$1.2 billion a year soil bank, in two parts:

(a) An acreage reserve designed to reduce acreages of wheat, cotton, corn, peanuts, rice, and tobacco. Payments to farmers would be made to reduce their acreage allotments and could be made as soon as the acreage is measured. The Department of Agriculture's estimates of the payments to be made per acre for this reduction are: tobacco, \$100 to \$300; cotton, \$48 to \$60; peanuts, \$50 to \$70; wheat, \$18 to \$25; corn, \$36 to \$50; rice, \$60 to \$75. A maximum of \$750 million a year could be expended on the acreage reserve for the next 4 years.

Deleted from the bill in its final form were three provisions relating to the soil bank which were included in the House bill. These would have provided acreage reserve programs for feed grains, other field crops, and grazing lands.

(b) A conservation reserve designed to remove acreage from crop production on a semi-permanent basis, for which payments approximately equivalent to the rental value of the land would be made, with an annual national limit of \$450 million.

Compulsory features, proposed in other soil bank legislation, were not included in H. R. 12—vetoed—or in H. R. 10875; limits have been put on the amounts that can be spent on specific crops, thus assuring an equitable distribution of funds; and provi-

sion is made for the protection of tenants and sharecroppers.

Second. Corn: The bill authorizes four different programs under which corn farmers may receive price supports on corn in 1956, as follows:

(a) Producers in the commercial area who elect to comply with the acreage allotments previously announced by the Secretary—at the rate of approximately 43 million acres—will be eligible for price supports at \$1.50 per bushel—86.2 per cent of parity—under that program, without putting land into the soil bank.

(b) For the operation of the soil bank the bill increases the corn acreage allotment for 1956 by 9 million acres to a total of 51 million acres. Corn producers in the commercial producing area may qualify for price supports at \$1.50 per bushel—86.2 per cent of parity—by planting within their allotment from the 51-million-acre base acreage, provided they put into the soil bank an amount of cropland equal to 15 per cent of their base acreage of corn.

(c) Producers in the commercial corn area who do not comply with the regular acreage allotments previously announced nor with the base acreage setup for soil bank purposes will still be eligible for price supports, under the noncompliance program recently announced by the Secretary, at the rate of \$1.25 per bushel—about 83 per cent of the support level of compliance corn in the commercial area.

(d) Producers outside the commercial area will receive a support at 82.5 per cent of the level of the support for compliance corn in the commercial area—or about \$1.24 a bushel.

Third. Feed grains: The level of price support for the 1956 crop of grain sorghums, barley, rye, and oats is set at 76 per cent of the parity price for each commodity as of May 1, 1956. Thus, the 1956 supports will be: barley \$1.02 per bushel; oats 65 cents per bushel; rye \$1.27 per bushel; and grain sorghums \$1.97 per hundredweight. These higher level supports thus supersede the 70 per cent supports announced by the Secretary. The Secretary had set the supports at 93 cents for barley, 59 cents for oats, \$1.16 for rye, and \$1.80 for grain sorghums.

Fourth. The bill directs that the soil bank be started with 1956 crops, as provided in the bill as it originally passed the House. The Senate bill directed only that the Secretary start the program with the 1956 crop to the extent he deems practicable. The return to the House language is a clear indication of congressional policy that the fact that some crops have been planted is not to stand in the way of starting the program this year.

Fifth. Appeals procedure: Procedures are provided for appeal by producers whose soil-bank contracts have been canceled because of alleged violation.

Sixth. Production on Government-owned lands: The President is directed to restrict insofar as practicable the leasing of Government-owned lands for the production of price-supported crops in surplus supply.

Seventh. Cotton: (a) A freeze of the 1957 and 1958 national acreage allotments at no less than the 1956 allotment; (b) a provision that no State acreage allotment can be cut in 1957 and 1958 by more than one per cent below 1956; (c) a special 100,000 acre national reserve is created to add to the allotments of small farmers; and (d) the Secretary of Agriculture is directed to sell Government cotton for export at the price necessary to regain America's traditional world market at around 5,000,000 bales annually.

Eighth. Transitional parity: The bill freezes transitional parity for the basic commodities for 1957. This will mean that the

parity price of corn, wheat, and peanuts—the only three basic commodities currently affected by the transitional parity formula—will be 5 per cent higher in 1957 than they otherwise would have been. The bill also requires the Secretary of Agriculture to make a thorough study of possible methods of improving the parity formula and to report to Congress thereon not later than January 31, 1957, and to include drafts of any legislation needed to carry out this recommendation.

Ninth. Rice: The bill provides that the State acreage allotments for rice for 1956 shall not be less than 85 per cent of the final State allotment for 1955; and that the national acreage allotments of rice for 1957 and 1958 shall not be less than the final national allotment for 1956, and shall be apportioned among the States in the same manner as the 1956 final allotment. The bill provides a certificate program for rice. This is identical with the certificate program provided in the vetoed H. R. 12 except that inauguration of the program is discretionary with the Secretary of Agriculture and will not be put into effect unless he determines and proclaims that initiation of a program is "administratively feasible and in the best interests of rice producers in the United States."

Tenth. Cottonseed and soybeans: The bill requires that whenever the price of either cottonseed or soybeans is supported, the price of the other shall be supported at a level which will cause them to compete on equal terms in the market.

Eleventh. Surplus commodities — Other provisions: The bill embraces improvements in the disposal of surplus commodities and other important provisions, some of which are discussed below.

To facilitate surplus disposal in the United States, the Secretary of Agriculture is authorized to process food commodities, such as grains, into a form—meal or flour—which can be used in the home and is also given authority long sought by both the State and the Federal Government to donate food commodities to certain penal institutions.

To facilitate surplus disposal abroad, the President is given authority to pay ocean freight on surplus commodities donated for use in other countries and to step up dis-

posal under title II of Public Law 480 from \$300 million to \$500 million.

An attack is made upon the surplus problem affecting long staple cotton by again placing extra long staple cotton, now exempt from quotas, with the quota set up for all cotton longer than one and one-eighth inches.

Solution of our surplus problem, particularly in textiles, would be substantially assisted by authority clearly given the President in this bill to negotiate voluntary agreements with representatives of other countries with respect to importations into the United States of competing agricultural commodities or products made therefrom.

An appropriation of an additional \$500 million annually is authorized for section 32 funds, for use in surplus removal and disposal operations, particularly for perishable commodities.

The bill authorizes the appointment of a Surplus Disposal Administrator in the Department of Agriculture.

Provision is made for the appointment of a commission to study and make recommendations to Congress on increased industrial use of agricultural products.

In order to encourage further the underplanting of acreage allotments, the bill authorizes a producer, for the first time, to

plant only a part or even none of an acreage allotment for 3 successive years without losing his history and the right to future allotments. This could eliminate the practice of planting merely to retain history for allotment purposes, which is now required.

To make present production adjustment laws more effective, the bill increases to 75 per cent of the support price the penalty for exceeding peanut-marketing quotas.

In addition to these specific new authorizations to deal with the surplus problem—authority which the Secretary of Agriculture does not now have—there are other directives in the bill designed also to deal with the surplus situation.

The Secretary of Agriculture is directed to make a study of proposals for disposing of surplus food commodities domestically through some kind of food-stamp plan. He is directed to report to Congress within 90 days on this important matter. He is directed to make a similar study and report on the matter of establishing strategic stockpiles of agricultural commodities both in the United States and abroad for use in the event of war or similar emergency. He is directed to use existing authority of the Commodity Credit Corporation to dispose of surpluses generally and long staple cotton specifically.

The Brannan Plan

The Brannan Plan is a series of proposals designed to meet the agricultural problem presented to Congress in April, 1949, by Secretary of Agriculture Charles F. Brannan. A full statement of the plan was made by Secretary Brannan to Congress and was printed in the *Congressional Record* of April 7, 1949, Volume 95, Part 3, pages 4035-4041. Further hearings were held on April 25, 1949, and a full transcript of the proceedings appeared in the *Congressional Record* of that date. Secretary Brannan's major proposals are reprinted below (as they appeared in the *Congressional Record*, April 7, 1949).

Following an introductory section summarizing the farmer's problem and the ways in which a good farm income and price support program could serve all the people, Secretary Brannan declared:

Condensed into the fewest possible words, here are the proposals, each of which will be explained afterwards in detail.

Objective: The recommended program is

intended to assure a volume of farm income and purchasing power which it is in the public interest to maintain for the reasons which have just been discussed.

The standard of support has been established with reference to income criteria rather than price criteria. A recent 10-year period has been selected as the base. Simplicity of computation and application has been a constant aim.

The recommended price support standard for any specific commodity does not represent a parity price nor does the composite average represent parity income as those terms are now statutorily defined or commonly understood. This income standard simply represents a realistic minimum below which it is not in the interest of farmers or consumers to allow farm prices to fall and above which I would hope to find most farm prices most of the time. It is the minimum level from which we would be working toward narrowing, and eventually closing, the historical gap between farm and nonfarm income.

Formulas: As the start for our moving base, we have taken the average annual purchasing power of cash receipts from farm marketings for the years 1939 through 1948. From that, with the aid of the old parity index, we have moved first to an income support standard and then to a specific price support standard for the individual commodities.

Application of support: Loans, purchase agreements, production payments, and direct purchases should be available for use. These several methods would be used singly or in combination as experience and prevailing circumstances warrant.

Commodity loans and purchase agreements are probably the most effective and efficient methods for the commodities which do not appreciably deteriorate in storage and for those which should be held in reserve in appreciable quantities for production stability or against national emergencies.

Production payments, on the other hand, seem more adaptable as a method for supporting highly perishable commodities and those for which storage is too costly.

In the case of both perishables and storables, it may sometimes be desirable to remove surpluses or to obtain supplies for storage or collateral programs by purchasing directly from producers or intermediate processors.

Conditions of support: The availability of price support cannot be separated from the acceptance by farmers of reasonable undertakings to advance or accomplish the over-all objectives of a sound farm program

in the interests of the public and of their fellow farmers, such as—

(a) The observance of minimum and sound soil-conservation practices.

(b) Compliance with or adoption of whatever programs are found necessary to curtail wasteful production or disorderly marketing (such measures as acreage allotments, marketing quotas, and marketing agreements which may be adopted from time to time through referendums or by the authority of the Secretary under terms of specific legislation such as is now on the statute books).

(c) The limitations of eligibility for price support to a defined volume of production of each farm—a volume high enough to benefit most farms but one which will not encourage the development of extremely large, industrialized farming.

Those are my recommendations in brief. I have left out many significant details and comparisons which we can go back to, now that you have the over-all picture.

The income and price-support standards: If there is anything new in what is here proposed, it is the recommendation that we actually start our computations with an income criterion as the base on which price supports are determined. We have had income criteria in our laws—so-called parity income definitions—but, so far, we have not used them. Since income is what finally counts, I think it is time to start relating support prices to an income standard.

The factor which has discouraged real use of the parity income definition in the past has been the gap between farm and nonfarm income. This is so wide that a program based on real dollar equality looks unrealistic as an immediate objective. Under the old definition, for example, farmers last year received 160 per cent of the theoretical parity income. But, actually, the average net income of farm people from all sources was only \$909 per capita, including the value of home-produced food and income from nonfarm sources, compared with the nonfarm average of \$1,569. This puts the average farmer's income at less than 60 per cent of his urban brother's income. Such a definition of parity seems to me indefensible.

The new definition in the Agriculture Act

of 1948 defines parity income as that income which will provide farm people with standards of living afforded persons in other gainful occupation. This is undoubtedly valid as a concept and as a long-range objective which we accept as such.

In developing an income-support standard which can be translated into a price schedule, I start from the firm conviction that the particular formula or formulas should be based on recent experience and not related or chained back to some distant base period. Any such formula should reflect as far as possible the advancements in agricultural knowledge, facilities and skills.

It is recommended that the income support standard for any year be defined as that level of cash returns from farm products which is equivalent in purchasing power to the average annual purchasing power of cash receipts from farm marketings during the 10 calendar years, 1939 through 1948.

As formulas go, this is quite simple. As the starting base, it takes the average annual purchasing power of cash receipts for the years 1939 through 1948, which figures we already have. This purchasing power is determined by dividing cash receipts for each year by the same year's index of prices paid by farmers for goods and services, including allowances for interest and taxes—that is, the “parity index” as we now know it. In terms of average 1939-48 farm purchasing power dollars, this base is \$18,218,000,000.

To calculate the income support standard, this base is multiplied by the current parity index. For example, parity as of March 15 was equal to an index of 144 (base 1939-48 = 100). Such an index would indicate an income support standard of \$26,234,000,000 (18,218,000,000 times 1.44).

Before going on to a discussion of the corresponding price-support standard, let me say a word about this income measure. It is not a parity income figure, but rather what I believe to be a minimum level which we should do our best to hold with the expectation that actual income would usually run higher. It is a level of income which I believe we can all agree should be maintained not only in the interest of farm people, but equally in the interest of all our

people. It is calculated from a recent and fair base. True, 1939-48 does include some high-income years, but it also includes some low-income years starting with the very low year 1939. Furthermore, farm purchasing power has been above this suggested support level for six successive years.

Some people may object on the grounds that this formula relates to cash receipts rather than to net farm income. However, this has two advantages. The first is simplicity. As you will soon see, it is a very simple step from cash farm receipts to the support-price standard. Secondly, both the farmer and the American businessman are interested in the farmer's total purchasing power. Farm marketings must return enough to cover not only the farm family items but production expenses as well.

I am aware that this standard does not close the gap between per-capita farm and nonfarm incomes. However, as I indicated earlier, one of our problems is to get something which will work here and now.

We contemplate that the base used for determining the income standard should move forward. I am proposing that this 1939-48 income base be used for 1950 and that thereafter the base should be the first 10 out of the last 12 years. In other words, there should be a 2-year lag between the base period and the year of actual operation so as to allow administrative preparation well in advance of operations and so that the Congress may become aware of the effects of the moving standard before new calculations are put to use.

After determining the aggregate income standard for a year, the next step is the determination of a corresponding schedule of commodity prices. In doing this, average farm prices for the 10 immediately preceding years (or marketing seasons) would be multiplied by the ratio of (a) the current income support standard to (b) the actual average level of cash receipts from farm marketings during the 10 immediately preceding years. This formula will keep price relationships among commodities on a moving, up-to-date basis.

For example, the average cash receipts for the 10 years 1940-49 (using an estimate for 1949 in this illustration) is \$20,980,000,

000, while the estimated minimum income standard for 1950 is \$26,234,000,000, assuming the parity index remains at its current level.

Since the support standard is 1.25 times the average cash receipts, the support price schedule would be determined by simply multiplying the 1940-49 average farm price for each of the several commodities by 1.25.

Now let us see how these formulas compare with the familiar parity price formula. So far as income and prices are concerned, the standards are about equal to what current marketings would bring if farm prices were to average the present parity level for 1949, but with the prices for the three great staples—corn, cotton and wheat—averaging only about 90 per cent of the old parity level. At the same time it follows that prices for a number of the other commodities, especially livestock and livestock products, would average above the current parity level. The method of calculating the income and price standards, as well as a number of price comparisons, are shown in detail in the accompanying tables (exhibits A, B, and C.)¹

Application to specific commodities: Our ultimate ability to assure these minimum income and price-support standards is of course dependent upon the availability of funds and specific authorization.

I recommend that the Congress designate those commodities which should have first priority on the funds available for price-support purposes. This list should include the agricultural commodities of prime importance, both from the standpoint of their contribution to farm income and their importance to the American consumer family.

This list should include, at least, the following commodities: Corn, cotton, wheat, tobacco, whole milk, eggs, farm chickens, and the meat animals—hogs, beef cattle, and lambs.

I recommend that the prices or returns of these first priority, group 1, commodities be maintained at not less than the full support price standard. It should be clearly understood that the support price standard is not a ceiling.

Those commodities not included in the

group 1 or priority list should be supported in line with or in relation to group 1 commodities, taking into account the available funds and authorities, the ability of producers to keep supplies in line with demand and other relevant factors. There will also need to be discretionary authority available for adjusting supports for these commodities in order to maintain desirable commodity relationships, especially in order to maintain normal feeding ratios or feed value relationships.

It may also on occasion be necessary to recommend to the Congress certain adjustments in support prices for one or more of the group 1 commodities in order to maintain feed ratios or feed-value relationships.

The authority should be available to support any commodity at whatever level is required to increase supplies or meet national emergencies.

Price support methods: Commodity loans and purchase agreements are methods well adapted to the support of storable commodities which can be carried over without processing for a number of marketing years if necessary. Storables account for roughly 25 per cent of our annual cash receipts from farm marketings and include cotton, corn, wheat, and other grains, tobacco, the oilseed crops, dry beans and peas, wool and peanuts. These are not all equally storable, but experience has shown that loans and purchase agreements are effective for all the commodities on this list. Nevertheless, it would be desirable to have available, as a supplementary method, the authority to make production payments under certain circumstances.

The nonstorables—products which are either highly perishable or which can be stored only at heavy expense include fruits, vegetables, meat animals, milk, butterfat, poultry and eggs, and account for roughly 75 per cent of cash farm receipts. Production of these commodities is geared largely to domestic demand and this demand fluctuates with employment, wages and other factors which change mass purchasing power. We can hope to increase per capita consumption of all or most of these products in a healthy economic climate.

When it is necessary to apply supports to

¹ Not reprinted here. See *Congressional Record*, April 7, 1949.

any of these nonstorable commodities, I recommend that we rely mainly upon production payment.

The term "production payment" means exactly what it says—a payment to the farmer to go on producing to meet genuine consumer need, rather than restricting output short of that need.

Under this system the farmer would be paid in cash the difference between the support standard for commodities which he produced and the average selling price for those commodities in the market place. Because the payment would be directly to the farmer it would be an efficient support operation.

Another big advantage is that the system would induce efficient production and marketing, because any farmer who could exceed the average market price by quality of product or good bargaining would benefit to the extent that his selling price exceeded the average market price.

A third advantage of this system is that it would allow farm income to remain at a high enough level to sustain abundant production while retail prices sought their supply and demand level in the market place. This level is bound to be reasonable for consumers because of the larger supplies brought out.

It is obvious, of course, that the use of production payments must be qualified in such a manner as to avoid extremely depressed prices in the market place or a wasteful use of soil resources.

The payment method is not new. It has been used for various purposes before and during the war and we know it is administratively feasible. We know it is a method which not only protects farmers but gives consumers a real break.

I want to make it clear that I believe production payments should be used to encourage increased consumption as well as to support farm returns. Let me illustrate. In some of our larger cities, milk consumption per capita was much higher in 1947 than in 1940. The increases ranged from 15 per cent to nearly 50 per cent. Since 1947, in some of these cities, the average person has been using less and less milk. Consumers have not simply decided they

want or need less milk. The decision to buy less was forced upon them for the most part by the rising cost of the commodity. The result is bad for both consumer and producer.

Through production payments, we can keep the market price within reach of more people and maintain returns to the dairy farmers at a level which will bring forth the necessary production. As we indicated in our long-range testimony in 1947, we should be producing and consuming 150,000,000,000 pounds of milk by now instead of something less than 120,000,000,000. If it is necessary to get milk down to the area of 15 cents a quart at retail in order to have maximum consumption, and use production payments to assure farmers of fair returns, I think both farmers and consumers will want to do it.

I believe the production payment authority should be so written as to allow it to be used as a supplement to our milk marketing agreements and orders.

The same principle should apply to other commodities to which marketing agreements and orders are adapted.

Parenthetically, I believe authority to support hog and milk prices through direct payments should be available before January 1, 1950. If it becomes necessary to support prices of hogs and milk this year as now required by law, authority to make payments will facilitate the job.

Another price-support method which should be available for use on perishable commodities is the direct Government purchase program. One of the biggest obstacles that fruit and vegetable producers encounter is a seasonal glut in markets. It may be local and temporary. Or it may be general and prolonged. There are times when marketing agreements and merchandising programs will not wholly meet the situation. On those occasions, it is necessary for the Government to make direct purchases and divert supplies from normal trade channels.

In preparing for this testimony, I gave considerable study to the possibility of using a "food stamp" or "food allotment" program as a price-support method. The attractiveness of such a program lies in the fact

that it encourages increased food consumption and aids those consumers who are most in need. On the other hand, as we now see it, such a program would be administratively expensive, difficult and would provide only an indirect aid to agriculture.

The use of an equal amount of funds in production payments or the other price-support methods would give farmers far more aid and at the same time benefit a wider group of consumers—in fact, all consumers of the commodity involved.

Conditions and limits: Now let us consider the practical conditions and limits for price supports.

Farmers consider themselves to be partners with each other and with other people in operating a program for the benefit of all. I believe they expect to and should accept responsibility. I do not believe that full benefits, if any, should be extended to producers who operate without regard to the welfare of the general public or of their fellow farmers.

As a result of increased yields, American farmers in 1948 produced the largest corn crop in history on the second smallest number of acres in 50 years. They produced the second largest crop of potatoes in history on the smallest number of acres in the past 70 years. Cotton, tobacco, wheat, and oats are among other major crops for which yields have been increasing.

There is good reason to believe that high-level production will tend to continue and that yields may continue to increase.

Even though economic activity in the United States continues at near-record levels and foreign demand for the products of our soil may remain large for some time to come, production of most agricultural commodities may easily out-run current high-level demand. Our experience in this country shows that full employment and high-level economic activity do not automatically provide a good market for everything our farmers may produce. For example, with substantially full employment in 1923, our wheat prices were abnormally low because of foreign surplus production. In 1926, we had substantially full employment and a domestic surplus of cotton. In 1929, we had substantially full employment and were

struggling to get rid of our large 1928 wheat crop.

Thus farmers have to prepare to moderate production of some items to less than maximum capacity.

Failure to provide for adjustments in production may result in burdensome surpluses as well as continue unwise use of much of our soil resources.

In view of the significant changes that have taken place in the total volume and in the pattern of agricultural production, there is a need to reexamine our adjustment policies and program in order to insure that they realistically meet the problems that lie ahead. In making this reexamination, careful consideration must be given to providing a combination of production and marketing adjustment measures to balance supplies with demand, give producers an opportunity to contribute to farm income stabilization, and provide reasonable limits to the Government's financial assistance. My suggestions regarding these, by commodity groups, are outlined below:

Marketing quotas and acreage allotments should continue to be available or be provided for commodities such as tobacco, cotton, wheat, rice, corn and peanuts, with improvements based on experience.

Whenever acreage allotments or marketing quotas are in effect on corn, acreage allotments and marketing quotas should be available for use on other feed grains and possibly rye. Such authorities are needed for additional commodities, such as soybeans, flaxseed and dry edible beans.

The legislation should provide for acreage allotments, marketing quotas and marketing agreements and orders for fruits, vegetables and tree nuts. Producers of any one of these commodities should be provided with adequate tools to develop a program which would maintain or establish balance between supplies and demand, thereby providing a basis for price and income stabilization.

The time may come when marketing quotas or similar feasible devices may be desirable for meat animals, dairy products, poultry and eggs, although the need for improving the diets of consumers and for encouraging conservation farming would not so dictate at this time. For fluid milk,

marketing agreements and orders should be continued.

Eligibility of a producer for participation in the benefits of any price support program should be conditioned upon compliance with or adoption of applicable programs of production adjustment, marketing quotas or agreements, and the carrying out of reasonable conservation practice requirements.

Present legislation provides that the Secretary of Agriculture may invoke acreage allotments and marketing quotas in most instances on the basis of supply in relation to demand, and that producers determine in a referendum whether they will regulate themselves by approving the use of these devices. With respect to such storable agricultural commodities as soybeans, flaxseed, dry edible beans, and dry field peas, as well as the nonstorable crops, it is recommended that acreage allotments or marketing quotas should not be declared necessary until producers have been given an opportunity by the Secretary to vote on the question of invoking such measures in order to bring supplies in line with demand and to qualify for the price support requested.

A further limit on the extent of support is necessary if the public is not to provide financial encouragement for the continued development of extremely large-scale industrialized farming.

The program I have presented is designed to raise the efficiency with which resources are used in agriculture. But our emphasis upon efficiency must not be followed in disregard of maintaining a strong and self-reliant rural population in America. In my opinion, we would be wrong to allow our programs to operate in such a way as to encourage the concentration of our farm land into fewer and fewer hands.

As one means of implementing this conclusion, I suggest that the production of a farm in excess of a predetermined amount be not eligible for price support.

To determine the amount of commodities per farm eligible for support, it is suggested that we establish a common unit of measurement applicable to all agricultural commodities on which price supports may reasonably be expected at some time. I am suggesting a comparative unit, which would be equal

to 10 bushels of corn, almost 8 bushels of wheat, or a little more than 50 pounds of cotton. The equivalent in other crops or commodities may be quickly computed by relating their value to the value of corn according to prices used in the price support standard. This is elaborated upon in the attached table, exhibit D.²

It is then suggested that not more than 1,800 comparative units per farm be eligible for support. The effect would be about as follows: The operators of all farms, no matter how large, would receive benefits of the price support program to the extent of 1,800 units of the commodities grown on that farm. Farms which produce in excess of 1,800 units would not enjoy support on the excess. This would exclude part of the production on approximately 2 per cent of the farms of the Nation.

I have arrived at this recommendation with considerable caution. If we are to encourage the initiative of individual farm enterprisers we must not set the eligibility point too low. As a matter of fact, we need to place it as high as possible and still preserve the essential rural values I have mentioned. The dividing point I am recommending has been determined on the basis of Census material relating to farms. This dividing point will provide support for just about the amount of production available for sale from our largest family farms. Such a large family farm would be a modern, mechanized, efficiently-operated farm with some hired labor, particularly during peak work periods, but still a farm on which the farmer accepted full responsibility for the management and on which the farmer and his family did a great deal, if not the bulk, of the farm work.

CONCLUDING OBSERVATIONS

Summarizing the suggested program methods, I would like to call your particular attention to these points:

1. We would base price supports on a realistic income standard, which is a more fundamental base than price alone, and yet we would continue operations in the price field. The economy would continue to have

² See *Ibid.*

the same price stabilizing benefits which have been important contributions of past programs.

2. This would not be just a support-and-control program. It would directly encourage the movement of greater volume of commodities for which demand is elastic in relation to price, as well as hold down the production of surpluses. This will enable the public to realize more direct benefits.

3. The recommended program makes definite provisions for support of nonstorable commodities, which represent about three-fourths of cash farm receipts and which have not been adequately covered before. Some of these nonstorables would be eligible for the same preferential treatment that storable basics have received. This enables the program to work more directly toward the development of a production pattern in line with people's needs and market demands.

4. The recommended program permits plenty of leeway for enlarging farms in the interest of efficiency and better living standards, but it does not encourage the concentration of production on extremely large farms.

5. This program provides a closer tie between price supports and other parts of the farm program and increases the responsibility of farmers for carrying out the objectives of national farm policy.

6. The suggested methods of operation are not new in principle, and few are new in practice.

So much for the program methods.

In the final analysis a program cannot be judged by its aims and methods alone, but by actual results. I believe the recommended program will measure up to the standards I mentioned in the beginning. It provides farm people with price and income supports and the general economy with a large measure of stability. It provides for ample reserves of storable commodities needed for national security and for carrying out our foreign policy. It is reasonably simple and thereby subject to efficient administration. It seeks not only in general but in certain specific ways to assure the general public with abundant food at reasonable prices and thereby offers them

direct and tangible returns for money spent.

Having pointed out certain advantages of the program, I also want to call attention to some of its shortcomings.

In the first place, this program does not close the gap between farm and nonfarm income. It offers a realistic beginning.

In the second place, the price and income supports I have suggested, in common with all other price-support systems, falls short of meeting the needs of those operators who lack enough good land and enough capital to produce the necessary volume with the necessary efficiency for a good standard of living. For those operators and their families, an expanded Farmers Home Administration program is a basic need. We should also remember that opportunities in agriculture are becoming more limited in number, both for operators and labor.

We need a program of job training and placement and some definite means of encouraging the development of industries in underdeveloped areas if we are to avoid a long-time problem of relief for those who are crowded out or only partially employed.

I also call your attention to the fact that neither a price-support system nor prosperity itself will assure the conservation of agricultural resources on which we as a people depend for our very lives. With the best possible price-support system, we still need an expanded soil-conservation program.

Price supports, of course, do not take care of the problems of community services and health and education facilities. They do not affect our need for research and education in agriculture and home economics, for co-operative credit, or for various regulatory and service functions.

The school-lunch program is also a continuing need. This program is somewhat related to the price-support program. As long as it appears necessary to make direct purchases of commodities for the purpose of maintaining farm returns, we should plan to dispose of what we acquire in constructive ways, which certainly include school lunches. Only about 6,900,000 children—approximately a fourth of those now in school—are now benefiting from the program, and on a fourth of the lunches the program provides for milk only.

These are the facts we should keep in mind when we are considering outlets for farm production, as well as when we consider the primary purpose of the lunch program—the welfare of the children.

Another program very important to maintaining farm income and a continuity of production is crop insurance. Price supports are of no immediate importance to a farmer who, because of natural hazards, is unable to produce anything to sell. The crop-insurance program is designed to help the farmer get back his seed, at least, enabling him to get by until his next crop can be harvested and sold. Without protection of his investment the farmer who suffers a crop disaster loses not only the benefit of the current price support, but also a part of his previous profits.

I am glad to note a few days ago that the House Committee on Agriculture reported favorably on the Department's recommendation to expand this program. I also share the committee's enthusiasm for extension of the multiple-crop-insurance system by which a producer of diversified crops can buy a simple policy to cover at least part of his investment. The multiple-crop system fits right into our aims for price support and other programs. I hope that the sound operating experience of the Federal Crop Insurance Corporation in recent years will allow it to grow until crop insurance is

available to every farmer.

In general, I would reemphasize the recommendations made by the Department of Agriculture in 1947 with regard to the programs needed in addition to price supports.

All of these matters have their individual places in our total agricultural policy of abundance. Price support is not the only matter that requires our attention. However, it is the most immediate, pressing problem. And I would say further, that it must be the heart of our policy, for it will determine to quite an extent how successful the rest of our programs can be. One thing is certain: It would do little good to have a power line to the farmstead or a hospital in the community if the crop produced will not return enough money to enable the farmer to use the available services.

In the final analysis, of course, the best basic economic aid for agriculture is a fully employed labor force at good wages. But labor is not likely to be fully employed and industry is not likely to be expanding production when agriculture is in economic trouble. Agriculture is not merely a recipient of good fortune but a partner in the making of prosperity.

I am confident that by working together we can develop a production and price-adjustment program that will actively and positively serve the best interests of all the people.

"Next in importance to arms for defending our country, should be instruments for cultivating it; and the latter enhance the value of the former, in the degrees that they render the country more worthy of being defended . . . [The duties of agriculture], like the duties of moral rectitude, spread from the narrow circle of providing sustenance for one man or one family, into a wider expanse, created by the obligations arising from society, and the interests interwoven with national prosperity. In the United States, the responsibility of agriculture does not stop at food for all eaters. It extends to the support of government, to the encouragement of commerce, to the sustenance of the learned professions, to the introduction of the fine arts, and to the support of the more useful mechanical employments . . . Being the sources from which all classes, and particularly the numerous family of the '*nati consumere fruges*,' must derive their subsistence and prosperity; all classes have a deep interest in rendering it more copious, because the success of each must expand with its growth, and contract with its decline . . . Where, then, can be found a difference of interests between agriculture and the other useful occupations of society, when their prosperity must result from hers . . . ?"

John Taylor in the American Farmer, II, September 15, 1820.

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The Month in Review

INTERNATIONAL

Andrea Doria-Stockholm Collision

July 24—At 11:20 p.m. the Italian luxury liner Andrea Doria and the Swedish liner Stockholm collide off Nantucket Island in a fog. The 1600 passengers and crew are rescued from the Andrea Doria before it sinks. The Stockholm returns to New York for repairs.

Aswan Dam-Suez Canal. (See Egypt)

The Brioni Conference (India, Egypt and Yugoslavia)

July 14—The Presidents of Egypt and Yugoslavia conclude private talks in preparation for the three-power meeting with Jawaharlal Nehru.

July 18—Joining the Yugoslav and Egyptian leaders, Nehru makes it clear that he does not attach extraordinary importance to the conference.

July 19—The Brioni conference ends; Egypt fails to get backing for Algerian independence and the condemnation of Western defense pacts.

July 20—India, Yugoslavia and Egypt appeal for a cease-fire in Algeria and a settlement that would protect the interests of the million French inhabitants.

Disarmament

July 10—France proposes to the U. N. Disarmament Commission that a limited test be made of the U. S. plan for aerial inspection and control of armaments.

July 17—In a letter to Marshal Nikolai A. Bulganin, Premier Mollet of France rejects the Soviet proposals for uncontrolled and voluntary disarmament by individual states.

Euratom

July 5—France's leading experts tell the French National Assembly that France

must collaborate with her neighbors in atomic development.

July 10—The French government tells the National Assembly that France can manufacture weapons even within the proposed six-nation atomic pool—*Euratom*—an agency to be concerned with common development of atomic energy in West Europe.

July 11—The French National Assembly, by a vote of 342 to 183, endorses the principle of French participation in Euratom. The other potential members are West Germany, Italy, the Netherlands, Belgium and Luxembourg.

July 13—The Soviet Union proposes a new international agency to pool atomic energy developments, instead of the proposed 6-nation Euratom.

Israeli-Arab Dispute

July 2—Commander Elmer Terrill of the U. S. Navy is removed from his post as chairman of the Israeli-Jordan Mixed Armistice Commission after Israeli criticism for his support of a Jordanian resolution censuring Israel for its part in a border clash on June 24.

July 9—Two Israeli civilians are ambushed and killed near the Jordan frontier. Israeli Premier Ben-Gurion previously warned Major General Burns of the U. N. Truce Supervision Organization that any further border attacks would be subject to retaliatory measures.

July 15—Jordan walks out of the emergency meeting of the Israeli-Jordan Mixed Armistice Commission to protest the Commission's support of a resolution to censure Jordan for attacks along Israel's border.

July 17—Jordan returns to the Israeli-Jordan Mixed Armistice Commission.

July 24—Two U. N. military observers and

a Jordanian officer are wounded severely on Mount Scopus while investigating a clash between Israel and Jordan when a mine is accidentally set off. General Burns warns against any attempt by either party to seize Mount Scopus.

July 25—Jordanian villagers fire on U. N. military observers near Jerusalem and seriously wound one.

July 27—Two Israeli civilians are wounded by Egyptian fire in the El Auja demilitarized zone.

July 30—Jordan officials declare that Arab states intend to seek the dismissal of Major General Burns, U. N. truce supervisor in Palestine, on the ground that he favors Israel.

Panama Parley

July 17—Panama and Costa Rica adopt precautionary security measures to prepare for the meeting of the American presidents in Panama.

July 21—Presidents from 18 Western Hemisphere countries including President Eisenhower begin a two-day meeting.

July 22—The heads of 16 American states and 4 Presidents-elect sign a five point Declaration at Panama.

July 23—U. S. President Eisenhower confers privately with ten Latin American heads or presidents-elect at the end of the Panama Conference.

AFGHANISTAN

July 18—The International Cooperation Administration announces plans to survey Afghanistan's Helmand Valley land reclamation project, using U. S. engineers as advisors on the \$80 million project.

ARGENTINA

July 12—Argentine intelligence services begin an investigation of the Soviet Union's repatriation program.

July 15—The government announces the arrest of 72 suspected saboteurs at Mendoza and San Juan.

AUSTRIA

July 4—Austria joins the multilateral pay-

ments agreement with Brazil, to provide "limited convertibility" in a system based on the European Payments Union. She is the seventh European country to join.

July 10—Chancellor Julius Raab creates a limited liability public corporation to take control of the country's nationalized industries. This will include most of Austria's basic industries.

BELGIUM

July 25—It is announced in Brussels that former King Leopold will return to Belgium as an advisor on atomic energy. Leopold abdicated in 1946 in favor of his son Baudouin because of controversy over the World War II surrender of the Belgian armies to the Germans.

BRAZIL

July 6—One hundred and fifty thousand workers begin a general strike because of a proposed new and allegedly insufficient minimum salary.

July 12—The majority leader of the Brazilian Congress, Deputy Tarcilo Vieira de Melo, charges that "suspicion of the true motives" of the U. S. is spreading in Latin America.

July 13—Deputy Vieira promises to resign "at the first sign of discontent" with his leadership.

THE BRITISH COMMONWEALTH

Canada

July 20—The Canadian House of Commons approves defense expenditures of \$1.775 billion for 1956-1957. This sum is the same as the appropriation for 1955-1956.

Ceylon

July 6—The Ceylonese Senate approves a bill to make Sinhalese the sole official language of Ceylon, with a vote of 19 to 6. The Governor General's consent is required before the bill becomes law.

July 21—Prime Minister S.W.R.D. Bandaranaike announces that Britain has agreed in principle to evacuate the Trincomalee naval base and the Katunayake air base.

Great Britain

- July 3—A Laborite motion criticizing government economic policy is defeated 310 to 239.
- July 4—Britain refuses to cede Basutoland, Bechuanaland and Swaziland outright to the Union of South Africa.
- July 15—British Communists adopt the anti-Stalinist party line.
- July 19—Sir Harold Caccia, Deputy Under-Secretary of State in the Foreign Office, is named new Ambassador to the United States. The present Ambassador will become one of two permanent secretaries to the Treasury. The other will be Sir Norman Brook, Secretary of the Cabinet.
- July 20—Trade Union officials complete arrangements for a 35,000-worker strike in Birmingham against the British Motor Corporation.
- July 23—Prime Minister Anthony Eden tells the Commons that there has been "an essential change in the international outlook in the past two years," and that Britain is adopting a more flexible policy toward the U.S.S.R.

India

- July 6—Prime Minister Jawaharlal Nehru reproves U. S. Vice President Nixon and Secretary of State Dulles for criticizing neutralist nations.
- July 7—A general strike paralyzes Calcutta for 10 hours in protest against the government's refusal to recognize certain border claims made by the state of West Bengal.
- July 14—Prime Minister Nehru recommends "peaceful negotiation" as the path for West Germany in seeking reunification, and condemns military alliances.
- July 25—Chintaman Deshmukh resigns as Finance Minister and subsequently accuses Nehru of making high-handed unconstitutional decisions.
- July 27—India withdraws transit rights for the British moving Gurkha recruits from Nepal.
- July 31—370 Nagas headhunting tribesmen are killed in a clash with government troops. The Nagas are a primitive people who wish to establish an independent state on the Indian-Burmese frontier.

Pakistan

- July 10—Prime Minister Mohammed Ali arrives in France for a two-day visit.

South Africa

- July 23—Race riots flare in Johannesburg as bitterness grows against racial segregation.
- July 26—Returning from the Conference of British Commonwealth Prime Ministers, Prime Minister Johannes G. Strijdom reports that many Britons are sympathetically disposed toward the Union's racial policies.

THE BRITISH EMPIRE**Cyprus**

- July 8—Prime Minister Anthony Eden calls an urgent senior cabinet meeting to discuss Cyprus.
- July 12—Prime Minister Eden announces in Commons that Lord Radcliffe will go to Cyprus to consult on a constitution for the colony.
- July 19—The Government defeats an Opposition move in Commons to cut the Colonial Office budget by a token sum to protest over the handling of the Cyprus issue. The vote was 319 to 246.

The Gold Coast

- July 19—Final results of the Gold Coast elections give Prime Minister Kwame Nkrumah's Convention People's party 71 of 104 Legislative Assembly votes as the Gold Coasters vote for centralized government instead of the federal system preferred by the Ashanti.
- July 23—Prime Minister Nkrumah's new Government is sworn in by the British Governor, Sir Charles Aren-Clarke.

Nigeria

- July 24—The British Colonial Secretary, Alan Lennox-Boyd, announces that the Colonial Office will investigate the dispute over banking practices between Prime Minister of the eastern provinces Nnamdi Azikiwe and the colonial authorities.

BURMA

July 31—Chinese Communist troops occupy 1000 square miles of northeastern Burma following a border attack. The Burmese government is negotiating with Peiping to effect the removal of these troops.

CAMBODIA

July 2—Prince Norodom Sihanouk arrives in Moscow.

July 6—Sources close to the Cambodian delegation report that Prince Norodom Sihanouk has successfully negotiated for Soviet aid and technical assistance to Cambodia.

July 29—A Government source in Phnom-penh declares that the Cambodian cabinet headed by Premier Khim Titi has resigned, supposedly over a domestic issue. Prince Norodom Sihanouk arrives in Vienna after a visit to Paris.

CHINA (The People's Republic)

July 17—It is reported from New Delhi that the Chinese Communists have brought tanks into the Tibetan capital because of guerrilla action.

July 20—It is revealed in Hong Kong that Henry Pu Yi, former puppet emperor of "Manchukuo" (under the Japanese) has appeared as a state witness at a trial of Japanese on war crimes charges.

EGYPT

July 20—The U. S. refusal to loan Egypt the money for the Aswan Dam project is followed by British withdrawal of an offer to supplement the U. S. loan.

Cairo officials are angered and surprised by the U. S. and British withdrawal of their offer of economic assistance for the development of the Aswan Dam.

July 27—Martial law is declared for the Suez Canal, nationalized today. General Nasser makes this move in retaliation for the U. S.-British refusal of assistance for the cherished Aswan dam. The seven-month old offer made by the U. S. to loan Egypt

\$56 million for such a development met with opposition in the U. S.; and the funds to be given Egypt expired at the end of the fiscal year on June 30.

Great Britain protests the seizure of the Suez Canal by Egypt. General Nasser of Egypt asserts that he will use the income of the Suez Canal, a private company which has the canal concession until 1968 and of which Great Britain owns 44 per cent of the stock, for the construction of the dam.

France comes out in favor of military occupation of the Suez Canal zone if Britain agrees; however support of this proposed action has not been forthcoming.

July 28—President Nasser warns that any move to block his nationalization of the Suez Canal will cause a tie-up of traffic through the Canal.

The British Treasury orders a freeze on the assets of Egypt and of the Suez Canal which are held in the United Kingdom.

Reports from Russia indicate that Foreign Minister Shepilov has no intention of financing the Aswan Dam.

President Nasser is hailed in Egypt and the Arab world by anti-Western groups.

July 29—In order to retaliate for British freezing of Egyptian assets, all exports to Britain must now be paid through a third state in currency not subject to freezing.

Great Britain and France ask for U. S. help in establishing some form of international supervision of the Suez Canal.

The Soviet Union expresses its support of the nationalization of the Suez Canal.

July 30—Egypt removes its curb on exports to Great Britain in its desire to avoid economic warfare in which Egypt stands to lose heavily. It is also reported that Britain has assured Egypt that freezing of Egyptian assets does not apply to goods imported from Egypt.

July 31—Secretary Dulles of the U. S. flies to London to talk with Britain and France, who seek U. S. assistance in support of their plan for international supervision of the Suez.

The U. S. freezes Egyptian assets held in the U. S. temporarily.

FRANCE

July 1—The Socialist party's annual Congress in Lille approves a long resolution favoring Premier Guy Mollet's moderate policy in Algeria.

July 18—The secretary general of the French Communist party declares that the party's first aim is unity of action with the French Socialists.

FRENCH UNION

Algeria

July 2—The French army reoccupies evacuated posts on the Moroccan-Algerian border. Because of rebellion in Algeria, French troops have already begun to move back along the 900-mile Algerian frontier.

July 25—Premier Guy Mollet agrees to launch a 150 billion franc loan to finance the war in Algeria before increasing personal and corporate income taxes for this purpose.

July 28—With a vote of 273 to 163, opposed only by the Communists and Poujadists, Premier Mollet wins a vote of confidence in a plan to finance the Algerian campaign by taxation and borrowing.

GERMANY (East)

July 10—The East German Government announces that "spies" accused of spying for United States agencies will be tried in East Berlin.

GERMANY (West)

July 1—Chancellor Konrad Adenauer arrives in Rome for an official visit.

Almost 10,000 West German frontier police are transferred to the army of the Republic, the *Bundeswehr*, bringing its strength to 32,500.

July 2—Chancellor Adenauer reaches a "large measure of agreement" with Italian leaders on disarmament and European union.

July 4—On its second reading the *Bundestag* approves a draft law subjecting all West German males over 18 to compulsory military service.

July 13—Erich Ollenhauer is re-elected as

chairman of the West German Social Democratic party at its seventh post-war congress.

July 14—Soviet Ambassador Valerian A. Zorin is recalled from Bonn.

July 16—After three days of discussion, Chancellor Adenauer and Prime Minister Jawaharlal Nehru issue a communiqué calling for controlled and supervised disarmament.

July 18—The West German Government and its Opposition agree that the procedures called for by the Soviet Union and the East German government for reunification are not acceptable.

July 20—Dr. Kurt Sieveking, Mayor of Hamburg, is elected president of the *Bundesrat*, the upper house of the West German Parliament.

Chancellor Adenauer calls home his Ambassadors to Britain and the United States to report on British and American plans to emphasize nuclear power at the expense of ground forces.

July 21—Adenauer rejects Soviet proposals inviting the Western powers to match Soviet reductions in armed forces.

July 25—The Bonn government distributes notes to the governments of Britain, France, Italy, Belgium, the Netherlands and Luxembourg asking these Western European Union members to review Allied strategy in view of reports that the U. S. and Great Britain plan to cut their armed forces.

July 26—The West German Cabinet approves a draft law providing for private rather than publicly owned atomic industry.

GUATEMALA

July 5—The Army lifts the curfew imposed on June 26, when a state of siege was ordered after an illegal student demonstration.

July 23—The Government extends the state of siege from July 26 to August 26.

GREECE

July 9—The Soviet Union announces that it is ready to give economic and technical assistance to Greece.

July 27—Premier Constantine Karamanlis meets Marshal Tito of Yugoslavia in the first of a two-day session.

HONDURAS

July 9—Three chief opponents of the government of Julio Lozano Diaz are exiled to Guatemala.

HUNGARY

July 13—After an aerial gun battle, eight anti-Communist passengers seize a Hungarian government airliner and fly it to West Germany.

July 18—Matyas Rakosi, First Secretary of the Hungarian Workers (Communist) party, resigns and is succeeded by Erno Gero, a First Deputy Premier.

July 22—General Mihaly Farkas, former Defense Minister, is expelled from the Hungarian Workers (Communist) Party.

Parliament approves a Cabinet shift affecting seven ministers.

ICELAND

July 21—The Progressive party, the Social Democrats and the Communist People's Alliance form a coalition, with the Communists taking over two Cabinet seats.

IRAN

July 12—The Shah of Iran ends talks with Soviet leaders in Moscow, in open disagreement because Iran continues to support the Baghdad Pact.

July 24—Shah Mohammed Reza Pahlevi instructs the Government to treat the floods as a national emergency, as thousands are made homeless.

IRELAND

July 25—Finance Minister Gerard Sweetman announces drastic curbs on state expenditures and cuts in imports because of a critical balance of payments problem.

July 28—In a debate in the Dail Eireann (Parliament), Prime Minister John A. Costello and Opposition Leader Eamon De Valera speak of the alarming population decline since 1951.

ISRAEL (see also Israeli-Arab dispute, INTERNATIONAL)

July 3—Israel's charge that Western countries have made it difficult for it to buy arms is confirmed by embassy officials.

July 4—Jordan's charge that Israel is massing troops on its border is refuted by Israel.

July 5—Arab states mass at Israel's border in response to an unconfirmed report that Israel is preparing to attack. Major General Burns of the Truce Supervision Organization reports that there is no evidence of Israeli mobilization.

ITALY

July 3—Italian Communist leader Palmiro Togliatti gives "unreserved approval" to the anti-Stalin party line.

July 4—A three-man Communist party delegation flies to Moscow.

July 11—With a vote of 386 to 37, the Chamber of Deputies adopts a bill favoring a state-owned oil agency and imposing heavy burdens on private domestic and foreign oil companies.

July 24—A 24-hour strike paralyzes all railroads, as 90 per cent of the 190,000 railroad workers strike.

JAPAN

July 3—The Japanese Cabinet supports Foreign Minister Shigemitsu's desire to talk with the U. S. to get better treatment for its citizens on Okinawa.

335 Japanese "war criminals" are released by Communist China.

July 10—Gains are made by Socialists and their Leftist allies in the recent elections to the upper house. Although the Liberal Democrats still enjoy a majority in both houses, it is not strong enough by itself to essay a constitutional revision. The main issue of the election was whether the ruling party could pick up enough seats from the Leftists to give it a two-thirds majority to revise the 1947 Constitution which outlaws war as an instrument of national policy.

JORDAN

July 7—Jordan reveals that she has warned Britain that Britain must aid her in the event of an Israeli attack or Jordan will abrogate their mutual defense treaty.

MOROCCO

July 8—Sultan Mohammed V appoints Abdallah Genoun first governor of the new Province of Tangier, which is soon to be incorporated into Morocco under an international agreement.

PERU

July 28—Dr. Manuel Prado is sworn in as President, succeeding General Manuel Odria and his military government. Dr. Prado served as president from 1939-1945.

Peru agrees at the behest of U. S. Secretary Dulles to yield her claim to sovereignty over 200 miles of ocean adjoining her coast, accepting the 3 mile limit.

PHILIPPINES

July 16—The Senate ratifies the San Francisco peace treaty, thus terminating the state of war with Japan. The Philippines are to receive \$550 million in goods and services.

July 22—A Supreme Court ruling citing leniency in cases of rebellion frees a top Communist leader, who is released on bail. Eighty-five other Communist leaders petition for release, thus posing a grave security problem in the government's successful fight to put down the armed Hukbalahap rebellion. It is feared that the released Communist leaders will jump bail and flee to the hills to reorganize.

July 26—President Ramon Magsaysay persuades his military high command not to resign.

POLAND

July 5—The Polish government begins repayment of over-excessive taxes during the last 3 years to Polish workers.

July 8—Julian Tokarski, Minister of the Motor Industry and in charge of the Stalin works in Poznan where the rioting began, is dismissed from his post.

July 13—The Polish government announces a shake-up in its Cabinet, appointing new officials and creating new posts.

July 20—Edward Ochab, leader of the Polish Communist party, charges that Polish leaders rather than foreign imperialists are to blame for the Poznan riot.

July 26—Premier Jozef Cyrankiewicz pledges "emergency measures" through 1957 to relieve the former abuses of the workers.

July 31—The Central Committee announces that the Communist Party of Poland is to return direct management of Polish affairs to government officials, although it will continue to act as a guide for these leaders.

SAUDI ARABIA

July 26—The Saudi Arabian demand that the U. S. pay rent for its Dhahran air base which the U. S. uses as a landing field and not as a military base is rebuffed.

SPAIN

July 8—The Spanish government promises a wage increase for workers effective this fall.

July 10—Representatives from the U. S. meet with Spanish authorities to discuss military assistance for Spain in the light of her role in Western defense.

July 11—Generalissimo Franco approves the strengthening of the Falange party.

July 17—Franco plans to insure the continuity of the present regime by defining the powers of the Chief of State, the government, and the parliament in new laws to be drafted soon.

SUDAN

July 5—Abdullah Khalil, secretary-general of the nationalist (Umma) party, is elected by the House of Representatives to serve as premier. He will form a coalition government.

SYRIA

July 15—Proposed talks urged by Syria on Egypt to discuss the possibility of a closely-knit Syrian-Egyptian union arouse concern.

July 23—Syria and Turkey reopen their common border.

TUNIS

July 9—It is reported in Paris that the French government has approved U. S. shipments of wheat to Tunisia.

July 13—Representatives of the Tunisian government stop negotiating with French officials because of the "unfriendly" French attitude, according to the head of the Tunisian delegation.

July 14—Premier Habib Bourguiba says that his country will renew the war with France unless French troops are removed.

July 17—The Tunisian delegation to Paris returns to Tunisia.

July 26—The Security Council votes unanimously to recommend Tunisia, newly independent, for U. N. membership.

TURKEY

July 2—Turkey refuses to agree to a British proposal for eventual self-determination for Cyprus despite an offer of an international guarantee to safeguard Turkey against the possibility of a Cyprus one day controlled by a Greek Communist government.

July 8—The three opposition parties join in criticizing Adnan Menderes' Democratic government for taking steps in the direction of totalitarianism.

July 12—Turkey opposes discussion of the Cyprus problem until terrorism there has been eliminated.

UNION OF SOVIET SOCIALIST REPUBLICS

July 11—The Supreme Soviet, 1,331 deputies consisting of the Council of the Union and the Council of Nationalities, meets today.

In an address to the Supreme Soviet, Premier Bulganin says that the possibilities for a peaceful world are good.

July 12—Kao Kang, formerly a high Chinese Communist official, is eliminated from the Soviet Encyclopedia. Encyclopedia subscribers are instructed to replace mention of Kang with another official insertion.

July 14—The Supreme Soviet votes to increase pensions for those in lower income brackets.

July 15—*Pravda* accuses Secretary of State Dulles of the United States of promoting revolutions throughout the Communist world.

July 17—The Soviet Union signs an agreement to increase its deliveries of oil to Israel despite Russian friendship with Arab countries.

Russia and East Germany sign a joint statement avowing the impossibility of German unification without direct talks between the East and West zones. The Soviet Union also agrees to halve its charge for East German support of Russian troops stationed in East Germany.

July 21—Soviet Foreign Minister Dmitri T. Shepilov denies that his country plans to assist Egypt in the construction of the Aswan High Dam. (see also Egypt.)

Premier Bulganin, asserting Soviet control over its satellites, warns Poland to lessen its freedom of the press.

July 24—A formal plea by the Supreme Soviet is delivered to the U. S., urging the parliaments of countries throughout the world to reduce armaments.

July 25—It is reported that the Soviet Union expects a record grain harvest: transportation and storage facilities are being taxed to capacity.

UNITED STATES

Civil Rights

July 6—The Administration moves to support legislation which will override the Supreme Court decision forbidding the dismissal of non-sensitive government employees as security risks.

July 25—An Alabama court holds the National Association for the Advancement of Colored People in contempt and fines it \$10,000 for refusing to produce its records in order that they may be used in deciding the legality of an injunction against the organization's continued activity in Alabama. Failure to produce the records within 5 days automatically increases the fine to \$100,000.

Communism

July 26—The American Communist party accepts Moscow's new anti-Stalin program in a declaration which also includes criticisms of the present Soviet leadership.

Economy

July 9—June employment reaches a record 665 million with summer employment largely responsible for the increase.

July 15—In the last quarter of 1955 and the first quarter of 1956, it is announced, production has overreached the annual rate of \$400 billion.

July 19—The budget is balanced for the 1956 fiscal year which ended June 30 with a surplus of \$1.75 billion.

July 24—The Consumer Price Index rise to 116.2 involves automatic raises for more than 1.5 million workers.

Foreign Policy

July 2—The State Department denies the Soviet Communist Party's charge that the U. S. financed and abetted the Poznan rioting.

July 8—Vice President Nixon delivers a personal letter to Chiang Kai-shek from President Eisenhower which gives assurance of U. S. support of Chiang's government.

July 13—Senator William Knowland, Senate Republican leader, is named to the U. S. delegation to the U.N. Others appointed as delegates are Senator Hubert Humphrey, Paul G. Hoffman, and Ellsworth Bunker.

July 15—President Eisenhower asks for Senate confirmation of 4 new ambassadorial appointments to strengthen the U. S. position in the Mideast, especially in Cairo and Athens.

July 16—The Senate Appropriations Committee inserts into the foreign aid bill an ultimatum that no funds herein appropriated might be used to finance the Egyptian Aswan High Dam.

July 18—President Eisenhower signs a \$4 billion foreign aid bill. Appropriations for this program have yet to be voted by both houses of Congress.

July 19—Secretary Dulles refuses to renew the 7-month old offer to help Egypt with the construction of the Aswan dam.

The Senate approves a supplement to a treaty with France whereby double taxation in security dealings between the two countries is eliminated.

July 20—President Eisenhower flies to Panama to represent the U. S. at the conference of the Presidents of the Americas.

Government

July 3—Government officials freeze scarce steel products needed by defense producers in a temporary order effective Friday, in case the present steel strike is prolonged.

July 4—The government announces its plans to file suit against General Motors for exercising a monopoly in the manufacture of buses.

The House fails to muster the necessary votes to pass the Kelley school construction bill which kills all hope for school aid in this session of Congress. This bill contained the controversial Powell Amendment denying federal aid to segregated schools.

July 11—The Senate passes a House bill enabling the Post Office to impound mail for 20 days if it is suspected of being fraudulent, obscene or concerned with gambling. Protective measures have been incorporated into this bill to prevent censorship of the mails.

July 12—The Justice Department asks the Court of Claims to dismiss the Dixon-Yates suit of \$3 million for its expenses in the Dixon-Yates power contract (canceled by the President) on the ground that there was no statutory authority to legalize this contract.

July 16—The Senate overrides Southern opposition and approves the nomination of Solicitor General Simon E. Sobeloff to the Fourth Circuit Court of Appeals.

July 18—President Eisenhower signs the bill authorizing the death penalty in certain cases in which heroin is sold to minors.

July 19—The Senate's defeat of the Hell's Canyon dam bill represents a major victory for the Eisenhower administration

and its doctrine of "partnership" in power development.

July 20—The ability of the federal government to muster its resources in the face of an H-bomb attack is tested in nationwide Operation Alert.

An oil company and two lawyers, John Neff and Elmer Patman, are found guilty of violating lobbying laws when they presented Senator Case of South Dakota with \$2500 to influence the passage of the natural gas bill.

July 26—Congress approves a measure to increase the salaries of Cabinet members and other government executives. Pension payments for civil servants are also increased.

An intended rise in postal rates is pigeonholed in a Senate subcommittee, thus killing all hope for President Eisenhower's desired Post Office rates rise.

Congress passes for a second time the military construction bill which President Eisenhower vetoed on July 16 because it provided for Congressional supervision of the executive function in the case of housing contracts. This "invasion of separation of powers" provision is not dropped from the new bill.

July 27—The Eighty-fourth Congress adjourns after passing \$3.7 billion in foreign aid appropriations. President Eisenhower's original program called for \$4.9 billion.

Congress sends to the President a bill lowering the age at which women can be eligible for social security benefits and providing for disability insurance.

Congress passes the \$7.5 billion flood insurance program providing for direct federal flood insurance as well as for re-insurance of private policies.

Congress also passes the Eisenhower approved housing bill providing for 35,000 units to be built yearly during the next 2 years.

The United States proposed aid program for the development of Niagara power is not passed in this session of Congress.

Labor

July 12—Government-sponsored negotiations

between industry and union leaders begin in an effort to halt the 12 day old strike of 650,000 steel workers.

July 21—Talks between labor and industry to settle the steel strike reach an impasse. The Government is concerned about the effect of the strike on the aluminum industry. Aluminum contracts expire July 31 and they follow the contract pattern set by the steel industry.

July 23—Steel talks resume today, spurred by an Albany announcement that \$115 million state construction projects will cease if the steel strike lasts another week.

July 26—An agreement is reached in the national steel strike guaranteeing 3 years of peace and wage increases in each of the next 3 years.

Military

July 1—Secretary of Defense Charles Wilson refuses to guarantee that production of B-52's will be increased.

July 4—The U. S. plans to limit the size of its defense base on Okinawa to a minimum.

July 6—Captain Finn Ronne is named as commander of the Weddell Sea station which the U. S. plans to open in the Antarctic.

July 12—Admiral Radford's proposal to reduce armed forces by 800,000 men meets with protests from the three chiefs of the armed forces who believe that a "fortress America" would be created.

July 13—Admiral Radford, Chairman of the Joint Chiefs of Staff, says that his proposal to cut U. S. armed manpower depends on the use of new weapons.

July 18—Secretary Dulles, while he does not believe that there should be a relaxation of U. S. military efforts, says that any reduction of military forces is to be decided by competent military experts.

The Defense Department announces that it intends to abolish the Far East Command, turning its jurisdiction over to the Navy.

July 19—The Atomic Energy Commission asserts that recent atomic tests have proven the possibility of reducing the danger of fall-outs from atomic explosion.

July 23—Admiral Radford assures Asians that the U. S. is not at the moment considering a reduction of its military forces in the Far East.

July 25—The U. S. opens its new air base in the Philippines on Bataan Peninsula on Subic Bay.

Politics

July 5—Adlai Stevenson in his tour of southwestern Iowa suggests a farm program to tie support payments to soil enriching crops rather than basing them on saleable crops.

July 9—Governor Frank G. Clement of Tennessee is chosen as keynote speaker at the Democratic convention. Governor Clement, who is favored by Adlai Stevenson, is considered a foe of Estes Kefauver.

July 10—Senator Knowland announces President Eisenhower's intention to seek a second term.

July 12—Governor Harriman, Democratic presidential candidate, takes a strong

stand on civil rights. He would use his powers "positively and firmly" to enforce the Supreme Court ruling on desegregation if elected.

July 13—President Eisenhower again affirms his support of Vice-President Nixon as his running mate.

July 14—As a direct rebuke to Governor Harriman, seven Democratic state chairmen from southern states warn against a civil rights split in the Democratic party. Disclaiming all intention of bolting the party, they offer to help draft a program acceptable to all.

July 24—Harold E. Stassen favors Governor Herter of Massachusetts as the Vice-Presidential candidate on the Republican ticket. However, Governor Herter announces his support of Richard Nixon.

July 30—President Eisenhower grants a leave of absence to his special adviser on disarmament problems, Harold E. Stassen, to allow him to pursue support of Governor Herter of Massachusetts as successor to Vice-President Nixon.

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How does Moscow direct a Communist party?

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July 31—Senator Estes Kefauver of Tennessee withdraws from the Democratic race for the presidential nomination and throws his support behind Adlai Stevenson.

Presidency

July 19—President Eisenhower finishes the 6-week recuperative period set by his physicians, and is still convalescent.

July 22—At the Conference of Presidents in Panama, President Eisenhower urges that the Western Hemisphere should establish a committee to promote peaceful uses of atomic energy.

VIETNAM

July 5—President Ngo Dinh Diem receives the Constituent Assembly's draft of a constitution for the new republic.

July 14—North and South Vietnam, respectively Communist and anti-Communist,

agree to abide by the armistice of 1954 dividing these two areas. The provision of the armistice providing for reunification through the election of a single government, to be held this month, is by-passed.

YUGOSLAVIA

July 10—U. S. aid will be used for housing construction involving \$13 million, it is announced.

July 12—General Nasser of Egypt receives a royal welcome upon his arrival in Yugoslavia.

July 16—Marshal Tito assures West Germany of his decision not to recognize East Germany. This intention is viewed as signifying the middle course Tito is marking between East and West.

July 26—The recent visit of Soviet First Deputy Premier Anastas Mikoyan is kept very quiet. The nature of his secret talks with Tito on July 22 is not revealed.

"The North in an unrestrained intercourse with the South, protected by the equal laws of a common government, finds in the productions of the latter great additional resources of maritime and commercial enterprise and precious materials of manufacturing industry. The South, in the same intercourse, benefiting by the agency of the North, sees its agriculture grow and its commerce expand. Turning partly into its own channels the seamen of the North, it finds its particular navigation invigorated; and while it contributes in different ways to nourish and increase the general mass of the national navigation, it looks forward to the protection of a maritime strength to which itself is unequally adapted.

"The East, in a like intercourse with the West, already finds, and in the progressive improvement of interior communications by land and water will more and more find, a valuable vent for the commodities which it brings from abroad or manufactures at home. The West derives from the East supplies requisite to its growth and comfort, and what is perhaps of still greater consequence, it must of necessity owe the secure enjoyment of indispensable outlets for its own productions to the weight, influence, and the future maritime strength of the Atlantic side of the Union, directed by an indissoluble community of interest as one nation. Any other tenure by which the West can hold this essential advantage, whether derived from its own separate strength or from an apostate and unnatural connection with any foreign power, must be intrinsically precarious."

George Washington in his Farewell Address, 1796.

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